Daily Report

Central Eurasia

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Armenia, Iran, Turkmenistan Sign Cooperation Agreement

LD0306155995 Moscow ITAR-TASS in English 1533 GMT 3 Jun 95

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, June 3 (Itar-Tass) — The ministers of transportation, energy and trade of Armenia, Iran and Turkmenistan met in Yerevan on Saturday [3 June] to discuss cooperation.

One of the results of the meeting is an agreement on cooperation in road transportation, Armenian Minister of Material Resources Vahan Melkonyan said.

The ministers also agreed the structure of a joint venture to be headquartered in Ashgabat.

Turkmen Minister of Transportation Penaguly Rakhmanov said the joint venture will provide transportation services in Armenia, Iran and Turkmenistan, as well as other countries.

This will allow Turkmenistan to transport Armenian goods as a payment for 2.2 billion cubic meters of gas it has supplied to Yerevan. The transportation agreement will come into force in July.

Experts believe Turkmenistan has a keen interest in the development of ties with Armenia through Iran. This will also facilitate Turkmen gas supplies to Armenia which has been experiencing a shortage of energy because of the Azerbaijani and Turkish blockade.

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ITAR-TASS Carries Press Review for 3 Jun

LD0306074395 Moscow ITAR-TASS in English 0731 GMT 3 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, June 3 (Itar-Tass) — Today's leading newspapers carry almost no commentaries on current events and do not single out any particular event.

The Krasnaya Zvezda newspaper runs an interview with Nikolay Ryabov, chairman of the Russian Central Electoral Commission, discussing the coming parliamentary and presidential elections.

In his opinion, "there will be more bitter and cunning election struggle, especially by party affiliations. The tune in this struggle is likely to be struck by the so-called "old-guard" parties which abound in Moscow.

"Therefore, we are bracing for work under very difficult conditions. No matter what election struggle will be, we shall try to make it go according to rules, that is according to law."

"No matter how bitter it is to understand," the Izvestiya newspaper writes, "but Soviet power continues to exist. Despite some forced concessions to new changes, it persists. Historical experience sickens it.

"It remains semiliterate, as it was. Therefore, it does not understand the march of history, which makes it embittered. It does not have respect for a personality (as it did not), disdains law, blames anybody but itself for all its failures.

"Tanks, guns and warplanes are its only protection from all evils. It is proud of its armour, as a drunkard is proud of his fist. It adores military parades, fireworks, victory salutes and popular festivities, presenting them to its half-starved veterans. It lies over and over again."

The Sovetskaya Rossia newspaper comments on a speech over the Central TV network by Rem Vyakhirev, chairman of the Russian Gazprom joint stock society. "If communists take power (Eds: in Russia) and review the results of privatisation, they should be left an empty trough," Vyakhirev said, according to the daily.

"He urged for selling shares to foreigners: let victorious commies to encounter Kohl. While Yeltsin, Chubays and Kozyrev are forced to cover their real designs with 'tough patriotic' rhetoric, the main 'gas privatizer' put it bluntly," the newspaper continues.

"In real fact, he calls on foreigners to rob our people. His logic is very simple: let a new legitimate government suffer without property which will be sold by us abroad in good time," Pravda notes.

The same newspaper, commenting on the festivities timed to coincide with the 40th anniversary of the Baykonur cosmodrome, prints a translated ad from the British Times newspaper, reading as follows in retranslation from Russian: "If you are bored to death by your sport car and are tired of hurtling the globe in your jet, you have not lost yet everything: buy a second-hand space shuttle from Russians for 10 million dollars.

"A private person sells the 70-tonne Buran in New York. If a buyer displays a serious interest, he can obtain the ship within four or six weeks. The seller says that if you are familiar with appropriate people in Russia, you can buy anything there."

"Russia is a strange state, " writes the Rabochaya Tribuna newspaper, commenting on a response by the top echelon of power to the Sakhalin earthquake. "Everything is possible here, even impossible.

"In a vast country having virtually any possibilities, the president recalls on the third day after the dreadful disaster on Sakhalin that sympathy, you know, should be expressed to people.

"The prime minister is holiday-making at a spa, instead of rushing headlong to the disaster area. The first vice-premier, instead of spending his workday (in the disaster area) and night (possibly in a tent at the same place) prefers (after registering his business trip document in the disaster area) to sleep at a state countryhouse in the Moscow region.

"All of them put on mournful faces at the same time, understanding well: the elections are imminent," the daily concludes.

The Trud newspaper reports that the fire-fighting department of the Moscow region receives, virtually every day, reports on fires in forests and peatbogs.

As many as 126 fires over an area of 54,535 hectares took place as of June 1. Out of the total, 115 happened in forests. This is more than over the entire last year. The fires were partially caused by an extremely hot spell that set in in central European Russia.

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Zotov Upbeat on Talks With FRY's Milosevic

LD0206153595 Moscow ITAR-TASS in English 1447 GMT 2 Jun 95

[By Aleksandr Kondrashov]

[FBIS Transcribed Text] BELGRADE, June 2 (Itar-Tass) — "I, of course, cannot say that the Bosnian crisis is about to be settled, but it seems to me that today there are no unsurmountable obstacles on our way," Special Representative of the Russian President Aleksandr Zotov told Itar-Tass here today before leaving the Yugoslavian capital.

"During my meetings with Serbian President Slobodan Milosevic we have discussed two groups of problems. Firstly, the problem of the security of UNPROFOR [UN Protection Force] in Bosnia, which includes a Russian battalion. Secondly, the political prospects for the settlement of the Bosnian crisis on the basis of a package of proposals, including Belgrade's possible recognition of Bosnia and Herzegovina, and the radical easing of the regime of sanctions against Yugoslavia."

"I believe," Zotov added, "that our talks were sufficiently fruitful, although there are still problems on hand. However, they stem not from Moscow's and Belgrade's different approaches. The positions of Russia and the United Republic of Yugoslavia are very close. However, we have to reckon with the stands of all the countries of the 'contact group', because a decision to radically ease the regime of sanctions against the United Republic of Yugoslavia will be adopted on the basis of a consensus. Hence, we have to reckon here with the individual approach of each of them."

Zotov refused to disclose the details of his Thursday meeting here with Robert Fraser, the U.S. representative on the "contact group". However, he said that "the Americans were beginning to be less wary, too, and the most disputed problems no longer seen unsurmountable". A step forward in this direction was made during the meeting of the ministers of countries-members of the "contact group" in the Netherlands. "I have noticed that the United States, too, is now more interested in the earliest possible settlement of the Bosnian crisis, although quite a few efforts will still have to be exerted to achieve agreement," Zotov stated.

Kozyrev Concerned by Possible 'NATO Operation' in Bosnia

LD0206190695 Moscow INTERFAX in English 1802 GMT 2 Jun 95

[Fuller version of ld0206163495; from the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MURMANSK, June 2 (Interfax) — Russian Foreign Minister Andrey Kozyrev said he was concerned about the plans "either to replace the UN peacekeeping operation by a NATO operation or change the mandate of the UN forces so that they do not deal with peacekeeping but wage military actions."

Kozyrev told an Interfax special correspondent in Murmansk today that such plans were "very dangerous."

"However, my talks with the NATO Secretary General Willy Claes and the NATO foreign chiefs did not confirm this information and proved that NATO did not have a specific plan concerning the problem," Kozyrev said.

When asked under which conditions the withdrawal of Russian peacekeepers from Bosnia would become inevitable, Kozyrev said: "We should wait. We are now thinking of reenforcing the UNPROFOR (UN Protection Forces) operation in ex-Yugoslavia rather than of making it fall to pieces."

Kozyrev said it was normal that after the contact group in The Hague had confirmed its unity, the foreign departments chiefs of the U.S., Great Britain, France, Germany and Russia had made a statement revealing different approaches of Russia and Western countries to settlement in Bosnia.

Kozyrev said the unity of the contact group showed that the basic strategic goals would be saved.

He said Russia considered as the most important the fact that the contact group had rejected use of force for settlement of the conflict.

Kozyrev said the contact group's unity did not mean that the contact group was uniform. He said the positions of its members on Bosnian settlement considerably differed "otherwise, the meeting of the contact group's foreign ministers would not have lasted for five hours and we would not have been working till 3:00 in the morning."

UN Delegate Urges 'Peaceful' Stance on Bosnia

LD0306100795 Moscow ITAR-TASS in English 0934 GMT 3 Jun 95

[By Boris Sitnikov]

[FBIS Transcribed Text] UNITED NATIONS June 3 (Itar-Tass) - Russia voices support for preserving the peaceful nature of the U.N. operation in Bosnia and

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against turning it into a compulsary arms-twisting action, said Russian chief delegate to the United Nations Sergey Lavrov during a discussion of the U.N. secretary-general's report at the Security Council on Friday evening.

The report deals with the mandate of U.N. peace keepers in Bosnia after the political and military deadlock caused by the NATO air strikes and the subsequent capture of hostages.

During the discussion, the Security Council examined the following four versions of actions proposed by Butros Butros-Ghali: a withdrawal of the U.N. force according to the Somalia scenario, preservation of the status-quo, transition from the peace-keeping operation to a coercive peace operation by building up military forces and putting into action a multinational coalition, continuation of the peace operation but on a realistic basis with greater protection for "blue helmets", their redeployment and possible reduction.

Russia opposed a withdrawal of the U.N. force from Bosnia as well as against preservation of the status-quo there when the entire operation would become a hostage of the two Bosnian sides.

The Russian ambassador called as unsuitable coercive methods too, which was confirmed by the latest crisis with hostages in Bosnia. He said that Russia prefers continuation of the presence of the U.N. Protection Force in Bosnia as a peace-making operation, provided it preserves realistic functions relying on agreement of the two sides and on an unbiased attitude to each side.

Lavrov said that these functions should include: assistance in fulfilling a ceasefire agreement which should be concluded, presence of the UNPROFOR in "safety areas" which must be demilitarised, assistance in bringing humanitarian aid and functioning the Sarajevo airport on the basis of understandings between the two sides.

He added that the decisions by the Security Council, providing for the use of force, including air raids, should continue to operate. However, this should be done only to ensure security of the UNPROFOR.

Russia specially pointed to the importance of observing the embargo on arms supplies to former Yugoslavia, non-fulfilment of which undermines political efforts to settle the conflict, generating illusions among the warring sides that they can reach their ends not at the negotiating table but in the battlefield.

Taking into account the above, the Russian representative suggested that the Security Council should provide for a more active role of the U.N. force in ensuring the ban on arms supplies by all countries to former Yugoslavia in a future decision on the mandate of the peace operation in Bosnia.

Yeltsin, France's Chirac Discuss Moves To Free Bosnia Hostages

LD0406214195 Moscow ITAR-TASS World Service in Russian 2030 GMT 4 Jun 95

[By ITAR-TASS correspondent Igor Ignatov]

[FBIS Translated Excerpt] Paris, 5 Jun — French President Jacques Chirac telephoned Russian President Boris Yeltsin this evening to inform the Russian leader about the results of Saturday's [3 June] Paris meeting of EU and NATO defense ministers. The French president's office reported that during the conversation Jacques Chirac and Boris Yeltsin discussed "various aspects of the Bosnian crisis."

The French leader underlined "the need to continue joint efforts" by the two countries "directed at the quickest possible release" of the UN Protection Force servicemen taken hostage by the Bosnian Serbs.

The communique issued by the Elisee Palace after the telephone conversation underlines that the Russian president "agreed to the expressed need to increase pressure on the leadership of the Federal Republic of Yugoslavia, and promised to tackle this issue." [passage omitted]

Kozyrev on Joining NATO Partnership for Peace Program

LD0406215595 Moscow NTV in Russian 1700 GMT 4 Jun 95

[Passages contained within quotation marks are recorded]

[FBIS Translated Excerpt] [Announcer] On Wednesday [31 May], in the Dutch town of Noordwijk, Russian Foreign Minister Andrey Kozyrev said that Russia would join the Partnership for Peace program. Although Dmitriy Ryurikov, the presidential aide responsible for international affairs had said the previous day that because of the events in Bosnia now is not the best time for Russia to join the NATO program, nonetheless, this happened.

Here is a report from our special correspondent Aleksandr Zimenko on how the integration of Russia and the North Atlantic alliance came about. [passage omitted]

[Zimenko] Kozyrev said that the expansion of the alliance was not in the interests of Russia's security or of European security as a whole. Kozyrev said that an over-hasty resolution of this issue could call into

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question whether or not it was appropriate for Russia to participate in the Partnership for Peace program.

[Video shows Kozyrev interviewed in corridor]

[Kozyrev] "We know what should be done, and we are proposing to our partners that they should tackle this, and one should say that our partners have listened to this and have agreed that at present the main topic should be the whole system of European security, in which NATO, and our cooperation with it, is only one of the elements, and by no means the central one. At present, NATO has its own framework, and it has got its own programs, and we are cooperating with it. As to warnings, we have warned them about what we do not want. Similarly, we also know what we do want and have told them about this. Let us work calmly for a while, then we will see how things are going."

[Zimenko] At Noordwijk, the NATO ministers confirmed that the plans for expansion remain in force. At the same time NATO tried to soothe Moscow, and hinted that no new members would be accepted into the alliance in the near future. In any event, NATO diplomats said in private conversations that this will not take place before the Russian presidential elections. [passage omitted] Andrey Kozyrev considers that there are many questions to which the alliance, itself, does not yet know the answers.

[Kozyrev] "Yes, I do admit that we ask many unpleasant questions. At least questions which clearly do not have an answer. If you remember the speech made by President Clinton at the news conference with the Russian president in Moscow — in his speech he openly said that NATO, itself, has no answers to many questions. I think that this was a very courageous and responsible statement by the U.S. President. He openly said that we, ourselves, do not know the answers to a number of questions. Of course, we have many theorists and politicians who claim to know all these answers, and we have only to set them down. Well, let them make their proposals. In fact, nobody knows these answers. Life itself will provide them. However, we do raise these questions. It does not matter whether they like them or not. We are looking for answers to these questions."

[Zimenko] The only thing that no one in NATO doubts is that the new system of European security must be created with Russian participation. However, the question of how to do this, given that NATO will expand eastward — even though this will be done gradually — still remains unanswered.

Davydov Says Part of Debt to Paris Club To Be Rescheduled

LD0206195795 Moscow INTERFAX in English 1850 GMT 2 Jun 95

[FBIS Transcribed Text] MOSCOW, June 2 (Interfax) — About a third of Russia's debt to the Paris Club will be re-scheduled in 1995, Russian Deputy Prime Minister and Minister for Foreign Economic Relations Oleg Davydov told Interfax in an exclusive interview on his return from Paris where he negotiated with the Paris Club of countries-creditors on the problem.

Commenting on the results of the talks, Davydov said at the airport that "on the insistence of the creditors the parties agreed to re-schedule this year $10 billion of Russia's $36-billion debt to the Paris Club."

Davydov said Russia had accepted the terms proposed by the creditors and had told the Paris Club that it accepted a partial restructuring of the debt for the last time. "The next restructuring can only be global," he went on to say.

Davydov said the global restructuring of the Russian debt totalling about $120 billion would be discussed in detail at the G-7 meeting in Halifax (Canada) in July.

He said the Paris Club leaders "are now in some euphoria due to the recent favorable changes in the Russian economy and even exaggerate the progress insisting that Russia pay more on serving its debt."

Davydov said Russia was not going to make concessions and would pay to the Paris Club this year the earlier set and budgeted for 1995 sum of $1.2 billion.

Moscow Supports Early Nuclear Deal Between U.S., DPRK

LD0206183195 Moscow INTERFAX in English 1713 GMT 2 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igoroo Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, June 2 (Interfax) — Moscow is supportive of an early nuclear deal between Washington and Pyongyang, Vice Foreign Minister Aleksandr Panov told Interfax on Friday.

The United States and North Korea are into several months of talks on replacing North Korea's existing reactors which can be used to produce nuclear weapons with water-cooled ones.

Panov said Washington insisted on South Korean-built reactors as an alternative, but it was up to the two sides to resolve their dispute.

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In the meantime, he said Russia's offer to do so remained in force though it would not try to impose them on Pyongyang.

But the Moscow proposal must be seen as a possible option for resolving the dispute, Panov said.

He reiterated Moscow's opposition to entry into KEDO, an international consortium designed to refurbish North Korea's nuclear program. "The question will remain open until something of substance comes from the Washington-Pyongyang talks", Panov said.

"But even if the negotiation is successful, we will have to examine what Russia stands to gain from joining KEDO and what role will be assigned to it", he said.

Panov Notes Russian Stance on Talks

SK0506015995 Moscow Voice of Russia World Service in Korean 1200 GMT 4 Jun 95

[FBIS Translated Text] Although the DPRK-U.S. negotiations, which were held in Kuala Lumpur, the capital city of Malaysia, on the implementation of their mutual agreement on nuclear safety ended without any results yesterday, the two sides agreed to meet again on Monday [5 June].

Since 20 May, the two sides have failed to reach an agreement on replacing the graphite-moderated reactors of the DPRK with safer light-water reactors.

Pinpointing the insufficient safety of ROK-style light-water reactors, the DPRK (?inexorably) rejects such reactors. In addition, the United States continues to insist upon ROK-style light-water reactors. Russia, meanwhile, is willing to supply the DPRK with light-water reactors.

Yesterday, Russian Vice Foreign Minister Aleksandr Panov stated that Moscow has called for an early conclusion of an agreement in the DPRK-U.S. negotiations on the nuclear issue. He stressed that Russia's offer to supply Pyongyang with light-water reactors remains valid, and that Moscow was neither imposing, or trying to impose its light-water reactors.

As Panov explained, it is necessary to regard this proposal of Russia's as a way to settle North Korea's nuclear issue.

DPRK Willing To Accept U.S., German, Russian Reactors

SK0406061095 Moscow Voice of Russia World Service in Korean 1200 GMT 3 Jun 95

[FBIS Translated Text] The delegates from the DPRK and the United States are continuing their cooperation in Kuala Lumpur, the capital of Malaysia, to continue the dialogue on implementing the DPRK-U.S. agreement. The DPRK-U.S. talks have been held since 20 May.

For safety reasons, the DPRK adamantly rejects the ROK-style light-water reactors urged by the United States.

According to a report from Kuala Lumpur, the DPRK says it will accede to the provision of U.S., German, and Russian-style light-water reactors.

Embassy in ROK Denies Intention To Abolish Treaty With DPRK

SK0406084695 Moscow Voice of Russia World Service in Korean 1200 GMT 4 Jun 95

[FBIS Translated Text] The Embassy of the Russian Federation in the ROK flatly denied the Seoul media report that Russia recently officially informed Seoul of its intention to abolish the Moscow-Pyongyang Treaty of Friendship, Cooperation, and Mutual Assistance.

The Russian Embassy in Seoul notes that discussion is under way on the Russian position on the possible action concerning the Moscow-Pyongyang Treaty of Friendship, Cooperation, and Mutual Assistance.

According to the provisions of the treaty, Russia's position will be officially informed to the DPRK, the other party to the treaty, before it is known to any third country.

Moscow Considering Japan's Proposal To Take Quake Injured

LD0206194395 Moscow INTERFAX in English 1713 GMT 2 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, June 2 (Interfax) — First Deputy Russian Prime Minister Oleg Soskovets has ordered that Emergency Situations Minister Sergey Shoygu, currently in Neftegorsk, and head of the Sakhalin administration Igor Farkhutdinov consider the question of putting those wounded in the Sakhalin earthquake in Japanese hospitals, Interfax learned on Friday.

The proposal to accept the injured at medical establishments on Hokkaido Island was advanced on Thursday by Deputy Japanese Prime Minister Yohei Kono in a telephone talk with Oleg Soskovets.

During the TV bridge Neftegorsk-Moscow on Friday, Sergey Shoygu said that this Japanese proposal would be considered looked into very closely. "We should

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accept foreign relief aid if it is proposed, but we should not ask for it ourselves," believes Shoygu.

Iraqi Deputy Prime Minister Arrives for Moscow Talks

LD0506051795 Moscow Radio Rossii Network in Russian 0100 GMT 5 Jun 95

[FBIS Translated Text] Iraqi Deputy Prime Minister Tariq 'Aziz has arrived in Moscow for a visit. He is expected to have talks with Russian Foreign Minister Andrey Kozyrev today. They will examine Iraqi progress in meeting the demands of the world community and the prospects for easing sanctions against Baghdad. The Iraqi leadership hopes to gain additional support from Russia to help change the sanctions regime that was imposed on Iraq five years ago at the beginning of the Iraq-Kuwait war.

Correspondent Interviews Iranian Officials in Tehran

LD0306172495

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 1020 GMT on 3 May broadcasts the 15-minute "De Facto" program. Today's program, presented by Leonid Mlechin, is devoted to Iran. Reception is good.

Mlechin begins by saying "Russia has acquired a new friend and ally, who promises to defend Russia's interests and protect it from bad acquaintances and dangerous friends. The new friend is the Islamic Republic of Iran." He goes on to recall that not long ago Iran was cursing not only the United States but Russia, too. He adds: "Things have changed. The Iranians welcome guests from Russia as their best friends. Iran has offered to form an alliance with Russia so that we can fight the Western oppressors together. Iran is grateful to Russia for its readiness to supply reactors for nuclear power stations." He then says that in light of all this, it is not a bad idea to find out more about Iran.

An unidentified correspondent begins his report by noting: "There is a division of powers between Ayatollah Khamene'i and the president, who is in charge of policy-making." He then cites Iranian President 'Ali Akbar Hashemi-Rafsanjani, who is quoted as saying: "I have invited President Yeltsin to visit Tehran to discuss the prospects for cooperation with him. Both the Russians and Iranians are Asian peoples and we are interested in each other." The video shows the correspondent in the streets, tea rooms, various offices, and the office of Hashemi-Rafsanjani, who is sitting in the presidential chair with a bookcase behind him and the national flag on his right. The video also shows the inside of the presidential palace.

The program then shows the correspondent interviewing several other Iranian officials. The Iranian officials cannot be heard but the correspondent reports on their comments. The correspondent speaks at length about the powers enjoyed by the Majles. He goes on to quote Majles Speaker 'Ali Akbar Nateq-Nuri on his relations with the president: "No, no, there are no fundamental disagreements between the president and the government, but not all bills proposed by the government are passed by the parliament."

The correspondent then says that "many states, especially in the West, believe that Iran supports international terrorism, that Iran intends to spread the Islamic revolution in the world by force and that Iran wants to acquire a nuclear bomb. These suspicions have increased since Iran concluded a deal with Russia on the supply of nuclear reactors. How do Iranians view the world? We asked the head of the Foreign Ministry of the Islamic Republic of Iran. Iranians are very proud of their history. Persia was the first superpower of the ancient world. The worst thing for Iranians is contempt for them. Iranians hate their isolation from the rest of the world. Iran dreams of taking part in world affairs. It wants to be noticed. Whom does it consider to be its friends? Very many countries, including Russia, Foreign Minister Dr. 'Ali Akbar Velayati said, smiling. We have been waiting for Russia to wake up, the Iranian foreign minister said, and it has happened. The confrontation between Russia and the West is obvious. This means that Russia has at last found itself. Will the contract on the supply of Russian reactors to Iran be fulfilled? I do not doubt this at all, Iranian Deputy Foreign Minister Mahmud Va'ezi said."

The correspondent then says that "we decided to ask the most competent person about Iran's nuclear program. Intelligence services of the whole world are interested in this person who is hardly known in the world. Foreign correspondents are usually not allowed to see him but an exception was made for Russian journalists. He is Reza Amrollahi, vice president for atomic energy. The committee owns vast territory on the outskirts of Tehran." The video shows Amrollahi and shots of an outside landscape with some multistoried buildings. Asked by the correspondent why Iran wants a nuclear power station, Amrollahi is reported to have said that "our country is a developing country and we should not rely wholly on oil and gas." The correspondent concludes by listing U.S. fears with the development of a nuclear industry in Iran and noting that Iran has many well trained people who were educated in the West.

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Moscow Lodges Complaint Over Turkish 'Spying' in Chechnya

LD0206163395 Moscow ITAR-TASS in English 1454 GMT 2 Jun 95

[By Olga Semyonova]

[FBIS Transcribed Text] MOSCOW June 2 (Itar-Tass) — Russia has lodged a formal complaint with Turkey regarding a Turkish citizen spying in Chechnya. The Turkish citizen of the Chechen origin was detained by OMON [Special Purpose Militia Detachment] fighters on the Chechen-Daghestan border on April 23.

When detained, he produced documents filed out to Isak Kendir, born in 1969, a reporter of an international news agency in Istanbul. The "journalist's" foreign passport did not contain a Russian visa. He had only an Azerbaijan visa. From Azerbaijan, as it was later established, he illegally crossed into Dagestan in January 1995 and later to Chechnya to a district controlled by Dudayev's supporters. Kendir was detained on the way back.

Commenting on this fact to Itar-Tass, Major-General Aleksandr Mikhaylov, chief of the Public relations centre of the Russian Federal Security Service, said this: "We are ready to cooperate with any special services for the sake of mutual interests of our countries in combating terrorism, the contraband of narcotics or fissionable materials, but we shall never put up with interference of foreign states in our internal affairs through their agents and, moreover, with their backing of the opposite side in any domestic conflict".

Russia's Federal Security Service has the information that intelligence activities of a number of Muslim states in the Northern Caucasus region intensified since the beginning of the Chechen conflict. On the basis of this information, the Federal Security Service warned local bodies of law enforcement and security about the need to check thoroughly any cases of illegal crossing of foreigners into Chechnya.

Officers of foreign special services quite often get into Chechnya under the guise of journalists seeking information. Foreign agents aim at watching the situation to give assistance to Dudayev. Therefore, OMON policemen thoroughly checked the items of the detained Turk.

During the check, officials discovered an insurance card and a membership card of a sailors' club issued to Isak Kasap. Itar-Tass learnt this from a counterintelligence officer who had a conversation with Kendir.

These discrepancies seemed suspicious, and the detained person was taken to Khasavyurt and later to an investigation ward in Makhachkala. Video tapes and photo films confiscated from Kasap were exposed. He was seen on them, a submachine gun in his hands, during operations of Chechen commandos.

One of the tapes also showed him in the militants "command centre" together with Dudayev. Faced with these facts, the detained person who at first insisted on being a journalist, admitted that he was an active member of the Caucasian-Chechen salvation committee and was in Chechnya on assignments in 1991-1994.

In January 1995, he was sent to undergo training in the intelligence centre of the Turkish special service MIT. He was sent there with a certain Kamil Ozturk with the consent of the organisation's leadership.

Forged documents that were found on him when he was detained had also been issued there. MIT ensured the channel for both of them crossing into Chechnya (Ozturk was the superior in this unit).

Isak Kasap, as was his real name, admitted that their assignment was to collect information on the situation in Chechnya, on relations among Dudayev's supporters and the actual alignment of forces. In addition, Turkish agents brought along space communications equipment that enables leaders of the Chechen commanders to reach their committee in Istanbul and also to ensure Dudayev's contacts with foreign countries.

According to the information of the Federal Security Service, Turkish intelligence supplied several radio stations for field commanders.

Turkish agents also carry money in both directions and perform many other functions. Thus, Kasap had on him a letter on a slip of the Chechen Foreign Ministry to the "foreign minister" staying in Istanbul, requesting him to purchase various equipment for the Dudayev militants.

The investigation continues. New facts of the involvement of the Turkish intelligence service in supporting the illegal armed units in Chechnya may soon be established.

Danes Cancel Military Visit To Protest Chechnya Warfare

LD0306102195 Moscow ITAR-TASS in English 1003 GMT 3 Jun 95

[By Taras Lariokhin]

[FBIS Transcribed Text] COPENHAGEN June 3 (Itar-Tass) — The Danish defence ministry cancelled a scheduled trip of its military delegation to Russia in protest of the military campaign in Chechnya.

A delegation of 58 Danish officers and lecturers of the military academy are to go on a ten-day tour of Baltic states on Monday.

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The previous visit programme included the delegation's visits to military sites near St. Petersburg and a meeting with the local military command. However, this part of the programme has been deleted by the Danish defence ministry.

In January 1995, Denmark suspended a military co-operation agreement with Russia which was signed in September 1994.

Defence minister Hans Haekkerup said in a statement that the agreement was frozen "until a new order".

Director of the Danish military academy colonel Niels Fredenslund voiced regret about the cancelled visit to Russia.

Fredenslund said in an interview with the newspaper Yyllands-Posten that he visited St. Petersburg with a delegation last year, and the city's reception of the delegation was "fantastically good".

However, the state of affairs has changed, and this must be taken in account, Fredenslund said.

Yeltsin Sends Message to Katyn Ceremony Participants

LD0306190695 Moscow INTERFAX in English 1537 GMT 3 Jun 95

[FBIS Transcribed Text] MOSCOW, June 3 (Interfax) — Today relations between Russia and Poland have acquired a qualitatively new nature, says a message of Russian president Boris Yeltsin to participants of the laying of a Polish military cemetery in Katyn (the Smolensk region, Central Russia). Yeltsin believes that the triumph of the truth about the tragedy which occurred in the Katyn forest after decades of silence about evil deeds of the totalitarian Stalin regime testifies to this fact.

The ceremony is scheduled for June 4, the 55th anniversary since the mass shooting up of Polish citizens in Katyn. Polish President Lech Walesa, Prime Minister Josef Oleksy, Marshal of the Polish Seim (parliament) Josef Zych and about one thousand of Poles are expected to come to the ceremony, reported the Polish Embassy in Moscow.

Russia's Vice Prime Minister Yuriy Yarov and head of the presidential administration Sergey Filatov who will voice Yeltsin's address will represent Russia at this ceremony.

Thousands of Polish military men, primarily officers, were interned by the Russian Army in September of 1939. In 1940 they were shot by NKVD (People's Commissariat for Internal Affairs) in Katyn and in the village of Mednoe (the Tver, former Kalinin, region).

The Soviet power has not recognized for more than 50 years that it is responsible for this shooting up.

In his address Yeltsin points out that all materials related to this tragedy have been collected, the names of the murderers and mechanism of this criminal decision's adoption have been revealed. Russian and Polish presidents condemned crimes which inflicted numerous sufferings to the peoples of two countries.

"The truth about the Katyn tragedy which triumphs now inspires confidence that joint moves undertaken by us will serve further successful development of relations between our countries and peoples," Yeltsin underlined.

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Political Issues

Report on Economy Gets 'Hostile Reception' in Cabinet

MM0206143895 Moscow ROSSIYSKAYA GAZETA in Russian 2 Jun 95 First Edition pp 1, 2

[Report by Vladimir Kucherenko: "Success Not Yet Established"]

[FBIS Translated Text] Yesterday's session of the country's government examined the preliminary results of the Russian Federation's socioeconomic development in January-May.

According to First Deputy Economy Minister I. Materov, a first success has been recorded — a 2-percent growth in GDP compared with May 94, some recovery in production, and a reduction in the inflation rate.

At the same time, whereas until October 1994 there were two positive trends in terms of the growth of citizens' real incomes and in the export of goods abroad, right now the people's incomes are declining. Which means that the population's effective demand for goods is being curbed and production is declining further as a result. Retail trade turnover has shrunk by 10 percent in the past five months, and consumer prices have increased by 165.5 percent compared with 161.6 percent in the same period of 1994. Citizens' savings are diminishing, and the income gap between rich and poor is growing. Some 10 percent of the population have average per capita incomes of 5 million rubles [R] and account for one-third of all citizens' incomes, while 10 percent are getting 13.3 times less than that.

Successes in industry have mainly been due to sectors dependent on metals exporting and oil and gas extraction. Asked by First Vice Premier O. Soskovets "how we can prevent the country from being turned into a raw materials appendage of other countries," I. Materov replied: "We need investment in the processing, light-industry, machine-building, and radio-electronics sectors."

But there is not enough investment. In the five months concerned the amount of investment in production fell by a further 20 percent. The aid promised to investors on the principle "one treasury ruble for every four of yours" is proving slow to arrive: To date the commission led by Deputy Economy Minister Ya. Urinson has selected only 74 projects worth R530 billion. Yet almost half the year has gone by!

Moreover, even the economy's one lifesaver — exports — has limits. Already this year the Russian Federation Committee for Metallurgy and the Ministry of Defense have suggested that the ruble-dollar rate be the subject of separate discussion. Because, if it is stabilized, even our exports will soon become unprofitable.

The Economy Ministry report was given a really hostile reception. Industrial ministries complained that it lacked specific forecasts, that it lacked suggestions for specific measures, and that the taxation system still remained oppressive. Minister N. Travkin expressed surprise that so little attention had been paid to agriculture and suggested that the Economy Ministry and the entire "economy bloc" in A. Chubays' charge simply failed to understand its problems. Still it needed investigating why, when the prices paid for milk, for example, were falling, the retail cost in the stores remained the same. It seemed that no one was willing to impose order along the chain linking the farm, the major processor, and the store counter. He was supported by A. Zaveryukha, who said that mineral fertilizer and fuel prices had doubled in recent months so that every operational combine would have to cover 200 hectares — which would result in a prolonged harvesting season and huge losses. Indeed, even O. Soskovets did not hold back but demanded to know what had happened to the decree on leasing that was being fought over two months ago.

The session noted that little had been done to regulate prices in the natural monopolies — gas, railroads, municipal services, and power. They were taking advantage of their dictator status to swell their earnings and increasing prices beyond moderation to boot. I. Materov acknowledged the problem and gave warning of a new wave of price increases.

The government session also approved a draft action plan to implement the "Children of Russia" program, a decree "On Measures To Improve Working Conditions and Labor Proection in the Russian Federation," and draft laws "On Introducing Amendments to the Law 'On the Status of Military Personnel'" and "On the Basic Gudelines for State Policy in the Sphere of Mandatory Insurance."

Rybkin Offered Top Post of 'Russia's Regions' Movement

LD0206131595 Moscow ITAR-TASS in English 1305 GMT 2 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, June 2 (Itar-Tass) — "Some regional organisations of the 'Russia's Regions' public movement have offered speaker of the Russian parliament Ivan Rybkin to head it and to set up a 'Russia's Regions — Left-Wing Centre' election bloc," Chairman of the Duma "New Regional Policy"

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faction Vladimir Medvedev today told a press conference in the Lower House of the Russian Parliament.

He said that he had informed Rybkin about this decision of the regional organisations of Kaliningrad and Volgograd regions, and that the Duma speaker had promised "to think it over and revert to the question again somewhat later".

Medvedev said that a national conference of the "Russia's Regions" movement would be held on June 8 to determine its place and stand in the upcoming parliamentary elections. He noted that the ideas of Chernomyrdin's bloc were close to those of the movement, just as Rybkin's stand, but, nevertheless, they leaned more towards the left-wing centre.

"The Russia's Region" movement was set up last January and has been steadily gaining strength ever since," Medvedev said. "This is a potentially efficient and quite promising movement," he added. It is worth noting that in addition to his post of head of a parliamentary faction, Medvedev is also President of the Russian Union of Oil Industry Workers.

Rybkin Bloc Seen Showing Signs of Life

MK0306093095 Moscow SEGODNYA in Russian 3 Jun 95 p 2

[Report by Aleksey Kirpichnikov under the "Organizational Party Development" rubric: "The Left Arm Builds Up the Right Leg. Ivan Rybkin's Bloc Acquires Participants"]

[FBIS Translated Text] The Ivan Rybkin bloc, which for a long time appeared to be stillborn, seems to be showing signs of life. The Federation of Independent Trade Unions of Russia [FITUR], which can be classed as the left-hand part of the center-leftists, has aired its desire to see Mr. Rybkin among its ranks. Yesterday, the center-rightists, too, sent a signal.

Vladimir Medvedev, leader of the "Regions of Russia" public association, stated in a press conference that he had received instructions from some of "Region's" territorial branches (Khanty-Mansi, Volgograd, and Kaliningrad) to ask Ivan Rybkin to become leader of the public association and to start forming a "Regions of Russia — Left Center" election bloc. Mr. Medvedev acted on the instructions. Mr. Rybkin thanked him and promised to think it over.

The story of the creation of the "Regions of Russia" public association is as follows. Some lower house deputies elected individually, rather than on lists, as part of distributing the leading Duma posts between the factions quickly formed the "New Regional Policy" [NRP] deputy group headed by Vladimir Medvedev, president of the Oil Industrialists Union. In a little more than a year of its existence, the NRP went through ups (an increase in membership) and downs (it now has 36 members against 65 at registration time). The remaining members decided to prolong their collective existence and drop their inverse orientation from Moscow to the territories. In January 1995, with delegates from 64 Federation components taking part, a public association of "Regions of Russia" was created.

Mr. Medvedev was unable to name the number of its members, noting, however, that the ideas of centrism are dear to the majority of citizens. The "Regions" leader underlined the absence of fundamental ideological differences between the types of centrism, pointing out that his public association supports the left-wing type in matters of social policy, and the right-wing type in reforming the economy. At the association's all-Russia conference on 8 June, the final decision on the personnel proposal made to Ivan Rybkin will be made on behalf of all the "Regions" rather than three. There are no doubts as to what the decision will be: it is unpromising to join the outfit surrounding Chernomyrdin — places on the election list have long been taken — but on the other hand, the sharing out of places in Rybkin's surrounding has not started yet.

Mr. Medvedev's personal position, however, is not so illusory. A day before the "Regions" conference, the Third Congress of Oil Industrialists will take place at the House of Columns. The latter, according to its president, will be renamed the Oil and Gas Industrialists Union, and this small correction seems to make rather obvious the Union's already indisputable support for Viktor Chernomyrdin's "Our Home." To your SEGODNYA correspondent's direct question to Mr. Medvedev as to which association he prefers — the Oil (Gas) Industrialists with Viktor Chernomyrdin or "Regions of Russia" with Ivan Rybkin — the leader of both the entities as well as of the NRP replied that the priority decision for him is that of his extractive sector colleagues.

Thus, Mr. Medvedev will vacate his position on the pre-election "Regions," while Ivan Rybkin seems after all to be running for the Duma at the head of a bloc consisting of not quite the same forces that the authorities announced when first unveiling the future right-hand and left-hand parties. It is a rather varied assemblage: the FITUR together with the Socialist Party, "Regions of Russia," the "Accord" movement already led by the lower house speaker, and consisting, it is being rumored, of his staff members. The day before yesterday, Republican Party chairman Vladimir Lysenko revealed that organs of representative power of Federation components had received cables signed

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by Mr. Rybkin saying it is necessary to take part in the left-of-center bloc. These are similar to the cables sent out by the government staff calling for participation in the right-of-center bloc. That is to say, preliminary work was carried out also in this respect.

Mr. Lysenko's general conclusion, however, that the formation of the Chernomyrdin party of executive power will objectively result in the creation of an opposing Rybkin party of representative power so far appears premature. Regardless of what replacement "Regions of Russia" will find for the material support of the Oil Industrialists Union (and whether replacement will be needed at all), or whether the Socialist Party will fit into centrist policy — even if it is left-wing — the underlings of the president's staff seem to have realized that the two-part political model they have developed primarily calls for providing assistance primarily to the weaker, rather than to the dominant part.

Gaydar Sees Improvement in Russia's Economic Situation

LD0206102295 Moscow ITAR-TASS in English 0948 GMT 2 Jun 95

[By Alexey Agureyev]

[FBIS Transcribed Text] NEW YORK, June 2 (Itar-Tass) - Yegor Gaydar, a prominent Russian economist and politician and Chairman of Russia's Democratic Choice party, is of the opinion that the state of affairs in the Russian economy has begun to improve.

Gaydar has arrived here to participate in the work of an exhibition and a conference dealing with capital investments in gold production.

Describing the economic situation in Russia and the national currency stabilisation process, Gaydar has told Itar-Tass that "a rate predictability is utterly essential for rouble stabilisation".

"Nothing special should be done about it now. The government is doing all that is necessary," he added.

Pamfilova-Led Republicans Unlikely To Shine in Elections

MM0206165195 Moscow TRUD in Russian 2 Jun 95 p 1

[Report by Olga Solomonova: "Will the Republicans Become Pamfilovite Heroes?"]

[FBIS Translated Text] Yesterday a new electoral association - - that of the Republican Party of Russia — proclaimed itself. The Republicans called on Ella Pamfilova — recently social protection minister, less recently an uncompromising opponent of privileges, and now a parliamentary deputy and chairman of the Russian Federation President's Public Council for Social Policy — to take on the role of their leader.

Why has E. Pamfilova, who, I think, has had quite a few political offers, chosen the Republican Party of the Russian Federation [RPRF]? A "longtime" democrat, she left the government over a matter of principle and left the "Russia's Choice" faction. It would seem that the somewhat neutral position of the Republicans does not entirely fit in with her political decisiveness.

"First," Pamfilova says, "the RPRF is a democratically oriented party, and, second, during the five years of its existence it has not done anything to spoil its reputation, though, unfortunately, it has nothing much to show for itself. It has 65 regional structures — something around which a large movement may be formed...."

The association is offering the electorate a 10-point program. If it is victorious in the elections, it is obliged to implement them. But if it fails to do this, it promises not to stand for parliament again.

The RPRF is a small party, and its chairman, Vladimir Lysenko, in giving up the leading position in the party to Ella Pamfilova, hopes that her popularity along with the electoral bloc's stated **social orientation** will give them an opportunity to gain the wide support of voters.

Today the Liberal Democratic Party of Russia, the communists, and the social democrats are also actively using the idea of social justice. However, Zhirinovskiy's followers are basically disseminating it among the Russian people, blaming "non-Russians" for their grave material position. But the Communist Party is dragging Russia back into the past by putting its trust in state regulation of the economy. The Republicans, on the other hand, are, as V. Lysenko says, pointing to the future, though they are very critical about what the present government has done.

It is worth noting that the new association defined itself as the democratic opposition. A constructive opposition — Lysenko emphasized. What then is preventing it from joining forces with "YaBLoko"? It is most likely that experience of the past election when the Republicans actively campaigned with Yavlinskiy showed them that their efforts are not greatly valued.

Recently "YaBLoko"s' leader said that he intends to conduct negotiations with the RPRF on joint action in the elections. But it is not out of the question that this was said only in order to show his willingness to cooperate and to stifle the scandal surrounding Gaydar in the eyes of the public.

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But if Grigoriy Yavlinskiy is not especially looking for fellow campaigners, you cannot say the same of Yegor Gaydar. However, the Republican party, to all appearances, does not itself want to unite with "Democratic Choice," which has been becoming less and less popular recently. V. Lysenko is sure that the RPRF will have "no trouble" collecting the 200,000 signatures necessary to participate in the elections.

Indeed, the Republicans have a ready-made structure; along with Ella Pamfilova, her associates and public organizations will come to the party. Such an alliance seems very encouraging, although it is likely that it will not enjoy great success at these elections, taking into consideration the other electoral blocs' political and material might.

Criminal Charges Lodged Against Cossack Ataman

954Q0191A Moscow SOVETSKAYA ROSSIYA in Russian 25 May 95 p 2

[Article by Sergey Moiseyev, chairman of the Dignity social-political movement: "Revenge Against the Ataman? Life Is Not Easy for the 'Cossack Brotherhood'"]

[FBIS Translated Text] Cossack ataman Mikhail Filin turned out to be a fairly good prophet, but unfortunately, life is using him as an example to prove him right.

A year ago, answering journalists' questions on "How do you feel about the president's latest edict on combating organized crime?" Mikhail Filin, supreme ataman of the Interregional Cossack Brotherhood of Russia, said: "Negative. Because over the past few years personnel policy in law enforcement organs has been abysmal. Many accidental people have entered service. People seeking protection from law enforcement are frequently met with indifference. And sometimes in the form of policeman they deal with a criminal. Seven or eight years ago a policeman was afraid to be rude or arrogant in public, and valued his reputation.... It is necessary to fight crime, but not through such measures. The edict signed by the president on 14 June 1994 deprives citizens of basic rights and freedoms, including the presumption of innocence; it de facto nullifies current criminal law and is in conflict with many articles of the Constitution."

Today Mikhail Filin himself is in a preliminary detention facility. The charges against him are questionable and arguable. An investigation has been launched. What methods it employs, we will talk about later. Right now let us ask a different question: Who has the right to establish a detainee's guilt? Of course, you will say, it is the court, and only the court.

There also is another axiom: It is forbidden to violate the confidentiality of an investigation before the court's verdict. However, in our current "legal and democratic" state, other principles apply, the main among which is: "If it is forbidden, but you want it very much, it is permitted!" And therefore, although the investigation is not yet complete and there has been no trial yet, a man in the rank of chief of a Regional Department for Combating Organized Crime of the Moscow Oblast GUVD [City Administration of Internal Affairs], Police Major General Aleksandr Kartashov, made public in the official government press some very questionable "compromising material" on the ataman and other brotherhood members, whom he invariably calls "so-called Cossacks."

The police major general shared with the press, for instance, these syllogisms of his: "I cannot maintain with certainty that Filin is a murderer—the investigation continues—but we do have facts pointing to his possible involvement in these crimes." This is followed by this statement: "In the morning a certain Lubenkov, leader of a security structure competing with Filin, was killed by a contract killer using a submachine gun at point-blank range. Their mutual dislike was no secret to anyone, and there is even suspicion that the killer was paid by Filin."

Only suspicions, unsupportable charges without any facts to confirm them! And on this more than shaky foundation Major General Kartashov sums up: "The opinion of the police personnel is unequivocal: a gangster, an errant racketeer, dressed in a Cossack uniform. A typical criminal."

Just the title of the article "Gangster in Red Stripes" could provide sufficient grounds for a libel suit, because this is nothing other than a mockery of the presumption of innocence.

Mikhail Filin has enough enemies. Today Filin is chided for being "seen among Rutskoy's closest retinue." (Is this a crime?) Filin is also faulted for being "an active defender of the White House, and being a member of General Achalov's retinue;" "together with Makashov the ataman traveled to the Dniester area." Here is the root of the problem! They cannot forgive ataman Filin his political leanings toward the opposition!

Neither can they forgive Filin the fact that, having shown organizational skills, he has managed over a short period of time to create a truly large Cossack organization, whose core consists of retired professional military—not "criminal brass," as one of the "spin masters" put it. It is Filin, and no one else, who has in his possession and safekeeping the personal seal of ataman Stepan Timofeyevich Razin, our folk hero.

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The recovering Russian Cossack community is ill-assorted today. Without real support from the state, the kind it used to have in olden times, individual Cossack units frequently go into the service of politicians, which runs counter to the very spirit of the Cossacks, who had always served only faith and motherland. But there always have been and still are people who even in the impoverished motherland can strive to make it good and strong, while retaining their personal independence.

This was the way chosen by hereditary Cossack Mikhail Filin. His Cossack Brotherhood brought together enterprising, skillful people capable of defending themselves, who decided from the very beginning not to serve any politician or ideology except one—that which is for the good of the people.

The Cossack Brotherhood's production activities have enabled them to successfully survive in the current difficult conditions. They organized processing of agricultural products, garment sewing, and fisheries. This created new jobs and provided people with a stable income. The Cossacks are involved in charitable work, restoration of churches, helping a monastery, and maintaining law and order.

However, the Cossacks' strong law enforcement activities caused a reaction from criminal groups. Actually, this is now a routine item. Something else deserves much more attention: the strange reaction to these collisions, which are inevitable in our times, on the part of local internal affairs organs.

It all began with a provocational attack on the ataman and his comrades at the Dmitrovskiy Market in April of last year. And although Mikhail Filin quite obviously was the defensive party— there were only four Cossacks and about 40 attackers—a criminal case was initiated against him alone! Fortunately, at the time, justice prevailed.

The incident in the market was followed by the murder of one of the Cossack Brotherhood members. As was to be expected, the murderer was not found. The ataman himself began to receive threats.

On the night of 22-23 March a bomb went off in the yard of the house where the ataman lives with his family; miraculously, nobody was hurt. After that the Cossacks assigned guards to the ataman's house.

On 23 March the Cossacks guarding Mikhail Filin's house stopped a man who appeared suspicious. A drunk, who had loitered around the house for a long time, and said he lived on the same street. It did not take long for the Cossacks, who knew all the locals well, to expose the lie. It turned out that the suspicious person had on him a field radio, a weapon, and a police ID.

Filin was summoned. They decided to contact the local ROVD [Rayon Internal Affairs Department]. They called immediately, but unfortunately did not wait long enough for someone to show up. Then, with a swiftness that later proved costly, they took the "policeman" to the rayon department of the FSK [Federal Counterintelligence Service]. The subsequent fate of this person is unknown. The Cossacks and their ataman, on the other hand, were detained. And now they have been under arrest for almost two months, which constitutes a glaring violation of law.

A search was conducted of the Cossack Brotherhood's office and the ataman's house. No "material evidence" of the not-yet-defined crime was found in the office. More than 10 militia officers entered the house, plus three witnesses, brought specially from Dmitrovo, which is separated from Dedenevo by a distance of 15 km. In the house was the ataman's wife with 10-month-old daughter. She could not watch the search, which was conducted simultaneously in all the rooms. Nevertheless, the search produced nothing, despite lasting one hour and 25 minutes.

Some time later a second search began, which lasted another hour and 20 minutes. A grenade was "found" in the hallway over the coat stand. The interesting part is that during the first search this place was meticulously checked in the presence of witnesses and the ataman's wife!

A no less interesting detail: One of the witnesses turned out to be former Dmitrovskiy OVD Officer Novikov, fired from the police for a criminal offense.

However, a single piece of "material evidence," even as "weighty" as a grenade—which the "crafty" ataman presumably intended to use to stage another explosion in his own yard—is not enough to cook up a serious case. "Witnesses" of the "criminal deeds of the Cossack Brotherhood and its ataman" were desperately needed.

It was decided to make Mikhail Filin's acquaintance Yuriy Nizhegorodov into such a witness. He was beaten, at length and cruelly; his life was threatened. He lost consciousness several times, was revived and beaten again. At one such lucid moment the tormented man was shown a text signed in his own hand, and was finally let go. Nizhegorodov, who ended up in hospital in critical condition, was unable to recall later what was on that paper, which most likely will figure in the case as witness testimony.

Nobody knows what charges will be fabricated against Mikhail Filin in the end. One can expect anything when a man who opposes criminal structures is illegally locked up in a cell!

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[Begin boxed passage]

Negative Trends

A meeting of the Russian Federation Security Council, chaired by Russian Federation President Boris Yeltsin, was held yesterday in the Kremlin. The meeting reviewed progress in implementing the state decision on support for the Cossacks. The Security Council noted the unjustifiably slow pace in implementing these decisions and creating the corresponding normative-legal base, states the Russian Federation President's Press Service release, received by ITAR-TASS. Special mention was made of the need to overcome negative trends being manifested in the Cossack movement. [end box]

Media Issues

Chernomyrdin Confirms Ignatenko To Combine Posts

LD0206175295 Moscow ITAR-TASS in English 1533 GMT 2 Jun 95

[By Tamara Zamyatina]

[FBIS Transcribed Text] MOSCOW, June 2 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin confirmed at a government meeting on Friday that one of the conditions of the appointment of Vitaliy Ignatenko as deputy Prime Minister for the Press was that he keeps his present position of Itar-Tass General Director.

Therefore, the rumours about Ignatenko's resignation from Itar- Tass and the appointment as the agency's General Director of the Premier's plenipotentiary representative Valentin Sergeyev are ungrounded.

Ignatenko was appointed deputy Prime Minister on Thursday by a Decree of Russian President Boris Yeltsin.

Ignatenko Seen Elevated To Boost 'Our Home'

MK0306102095 Moscow KOMMERSANT-DAILY in Russian 3 Jun 95 p 2

[Report by Anna Sherstyuk under the "New Appointment" rubric: "Doomed Optimists"]

[FBIS Translated Text] The new appointment of ITAR-TASS General Director Vitaliy Ignatenko as deputy prime minister in charge of press relations has taken many people by surprise. There are no doubts, however, that it was made as part of the preparations by the government bloc "Russia Is Our Home" for the upcoming electoral campaign. Now, Vitaliy Ignatenko, deputy prime minister, general director of ITAR-TASS, and member of the Russian Public Television [ORT] board of directors, will evidently be able seriously to take over the management of the center-right Chernomyrdin association's public relations. If we look at it from a broader prospective, however, this appointment will be seen as yet another move in the process of resuscitating the state mass media.

If You Have No Friends, You Can Try To Buy Them

The easiest thing to do would be to connect Ignatenko's rise with patronage by Sergey Medvedev, presidential press secretary, who has managed to gain certain weight in Kremlin offices after his victory over Sergey Nosovets, chief of the presidential staff's information administration. Ignatenko is on friendly terms with Medvedev. Is is said that precisely the ITAR-TASS general director suggested that Vyacheslav Kostikov include the television observer in the list of his possible successors, and then actively lobbied for his candidacy. Ignatenko was also the first to congratulate Medvedev on his new appointment. This theory is too superficial, however: The presidential press secretary is hardly so omnipotent as to be able to appoint deputy premiers.

The actual reasons for Ignatenko's rise appear to be hidden much deeper. In part, strange as it might seem, they are attributable to the objectively uneasy situation in which the Russian press has found itself. Being unable to repay huge debts to the communications service, several large radio stations have been teetering on the verge of bankruptcy and both state television channels may drastically slash their broadcasting volume. Many newspapers are also facing problems. Ten days ago NEZAVISIMAYA GAZETA went out of print, and the same fate may be in store for another well-known Moscow daily in the very near future unless something extraordinary happens. Even ITAR-TASS has long been running out of funds both to finance its own development and to keep talented journalists.

In short, with six months to go before elections for the State Duma, when the mass media will have to play nearly a crucial role in awakening millions of voters from their lethargy, Russia is facing the danger of being left with only five or six large newspapers. In such conditions, any effective public relations effort will be out of the question — any electoral campaign will be on the verge of collapse as soon as it begins. At the same time, the clearly nomenklatura nature of the "Russia Is Our Home" bloc requires precisely public relations and propaganda efforts. No particular hopes are pinned on Sergey Shakhray, who was the bloc's chief ideologist at the initial stage. The thing is not only his bungled coverage of the Chechen campaign, but first of all the mixed attitude to his personality on

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the part of many regional leaders, who make up the bulk of Chernomyrdin's movement. In all, signs are that the prime minister will use his authority and engage the government staff in the effort to improve the situation regarding the bloc's image.

According to available information, before leaving for Sochi, where he was to spend his vacation, the premier received Vitaliy Tretyakov, editor-in-chief of NEZAVISIMAYA GAZETA, which just recently heaped the severest possible criticism on the country's leadership. According to reports from fairly reliable sources, however, the meeting was hardly reminiscent of a conversation between a head of cabinet and an opposition publication chief. It is well known that Chernomyrdin promised help on behalf of the state in setting up a joint-stock company called NEZAVISIMAYA GAZETA according to a procedure already tested in ORT, and assured Tretyakov that so steep a turn will not jeopardize the paper's "independence."

As for Ignatenko, presently he is not only the general director of a government news agency, but also a member of the ORT board of directors. His colleagues from ITAR-TASS say that in the days when ORT was being created, the head office of its founders was located precisely in the building on the corner of Tverskoy Boulevard [TASS], not in "Ostankino" or the White House. Members of the ORT board of directors and other people who had something to do with the project stayed up at the sixth — administrative — story of the ITAR-TASS building till late at night. These included Anatoliy Chubays, Sergey Shakhray, Sergey Medvedev, and, of course, Boris Berezovskiy, chairman of the ORT board and chief of LogoVAZ and the All-Russia Automobile Alliance.

As a matter of fact, as regards Boris Berezovskiy. While the TASS general director was appointed to his new post openly, Berezovskiy's new appointment is only rumored. According to available information, Boris Berezovskiy has become — neither more nor less — the chief financial executive of the "Russia Is Our Home" movement. This decision my seem strange only at first sight. Who if not a leading Russian businessman, who is also known for his political loyalty, should be in charge of a government bloc's finances? Aleksandr Mitroshenkov, LogoVAZ's press secretary, with whom your KOMMERSANT-DAILY correspondent managed to make contact, would neither confirm nor deny the above rumor, suggesting that the correspondent turn personally to Boris Berezovskiy. He is, alas, inaccessible.

The Cobbler Should Stick to His Last

So, the following picture is emerging: Berezovskiy will take over financial support for the center-right bloc, while Ignatenko will be in charge of its public relations. This tandem may well ensure the requisite support for the bloc by the ORT — either by word or by the ruble.

In addition, Ignatenko, drawing on his new status, may also recall that no one has rescinded one of the first post-Gorbachev decisions on merging the RUSSIAN NEWS AGENCY [RIA] with TASS. Then, the "Delovaya Rossiya" television program, which is produced by RIA-Novosti correspondents, will possibly also join the powerful news conglomerate. The rest of television will be taken under his wing by the premier himself, who does not appear to have offered for any particular reason a helping hand to Oleg Poptsov, who was balancing on the verge of dismissal in January.

It cannot be ruled out, however, that TASS will from now on still be headed by another person, who will, of course, also be close to the government electoral association. Behind-the-scenes talk mentions two possible successors to Ignatenko. The first one is Valentin Sergeyev, a protege of the bloc's No. 1 man. It is said that he already left for Sochi yesterday so as to meet with the premier, who is staying there on vacation. The second candidate is Yuriy Mikhaylov, adviser to and protege of First Deputy Prime Minister Oleg Soskovets.

And if Ignatenko does leave TASS, precisely the second appointment will be more likely for the following reasons. First, Sergeyev did too bad a job of Chechnya coverage. Second, proceeding from a fairly widespread view that Soskovets is "a compensating factor vis-a-vis Chernomyrdin" in "Our Home," then precisely his man should be at the head of TASS.

The New Is the Long-Forgotten Old

Nor should there be any problems regarding INTERFAX's involvement in creating the bloc's positive image; although INTERFAX does not directly depend on the state treasury, it has recently been cooperating with government authorities so closely that sometimes its reports look more official than those carried by TASS.

The question of radio is the easiest to solve because presently it depends only on Viktor Chernomyrdin's generosity whether funds will be earmarked for "Mayak" and company to cover transmission expenses or whether he should wait to see the radio stations wither on their own. It is well known that one good turn deserves another, and the only thing that will be required from the radio stations in return for the subsidies is to help "Our Home" and the government boost their authority.

The regional press should not be viewed as a separate problem because while it covers local problems at its

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own discretion, news from Moscow arrives nearly exclusively by teletypes of the established news agencies. Regional elites will not find it very difficult to bring to their senses the chief editors of oblast and city newspapers who would not understand their role in new conditions. As for Deputy Prime Minister Ignatenko, he will see to it that funds are found for the TASS general director in order to resume the delivery of TASS reports to all cities and villages with at least one voter on the previous — Soviet — scale.

What remains is central newspapers and the "Most"-run NTV. After Vitaliy Tretyakov's audience with the premier everything appears to be clear regarding NEZAVISIMAYA GAZETA, and the publication of a paper of this name will evidently be resumed shortly, although there are no assurances that Titus Sovetologov and other particularly critically minded authors will find space on its pages. As for KOMSOMOLSKAYA PRAVDA, Vitaliy Ignatenko, who was once its editor-in- chief, must certainly have retained old ties with the paper. MOSKOVSKIY KOMSOMOLETS, of course, has a difficult temper, but criticism on MOSKOVSKIY KOMSOMOLETS pages may well turn out to play into the bloc's hand: It will always remind the readers of a paper having the largest print run in the Moscow region that "Our Home" is alive and kicking, which in itself will not be bad publicity.

It will be more difficult to deal with IZVESTIYA, but in the process of taming the independently minded Igor Golembiovskiy, quite specific vulnerable spots may be found, such as disagreements inside the journalists collective. Staff players may also contemplate other forms of pressure — particularly, a long-term business trip to a foreign country, during which one could carry out a "purge" in the paper and get rid of its most radical elements.

The creation of ORT, which initially raised many false rumors, has been shown after some time to be a fairly far-sighted move. This cooperation scheme, under which the state and large capital join forces to save the Russian information space from devastation in parallel with converting disloyal mass media into "the true faith," will, in all likelihood, be used fairly actively. And although there are pessimists who sometimes can be found right next to "Our Home," such as Georgiy Satarov, who noted recently that "those who have tried to draw up a state ideology over the past several years have not stayed long in office," the architects of a formidable and, most importantly, well-oiled system of state mass media proceed from optimistic premises.

Journalists' Organizations Unhappy About Media Rights

MM0506085895 Moscow KRASNAYA ZVEZDA in Russian 2 Jun 95 p 3

[Report by Sergey Knyazkov: "Journalists Only Remembered Ahead of Elections. Participants in 'Rights of Journalists in Russia's Mass Media' Seminar Drew That Depressing Conclusion"]

[FBIS Translated Text] Representatives of the International Federation of Journalists; the unions of journalists of Russia, Moscow, and Moscow Oblast; parliament; publishers; and the Court of Appeals for Information Disputes Under the Russian President spent two days discussing the problems of journalists' professional rights. And the conclusions were depressing: The powers that be display no interest in the economic independence of the mass media and in defending the rights of press workers. By preserving the monopoly on paper production, communications, printing capacities, and distribution the state has reserved a powerful lever for constant influence on the press. And the Federation Council has in effect blocked the law adopted by the State Duma on state support for the mass media.

Seminar participants acknowledged that elections are virtually the only time when there is heightened interest in the mass media and journalists' fate. However, the beginning of the current electoral race was marked by a scandal in which an attempt was made to embroil the chairman of Russia's Union of Journalists.

During the seminar Vsevolod Bogdanov stressed once again that the Union of Journalists has nothing to do with the "letter to the State Duma" and announced his intention of appealing to law-enforcement bodies on this matter. It is quite likely that the case of the forged letter might be one issue in the fight for control of the mass media.

....Nevertheless an occasion arose at the seminar to discuss more pleasant matters. Vsevolod Bogdanov showed those present an example of a journalist's professional card. This will not only constitute an ID but also an insurance policy. It obliges officials to assiste the work of a journalist. The Russian Union of Journalists will begin issuing the cards in the near future.

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Military & Space Issues

Officers Threaten To Resign Over Lebed Controversy

LD0206185195 Moscow NTV in Russian 1800 GMT 2 Jun 95

[From the "Segodnya" program]

[FBIS Translated Text] Officers of the 14th Army based in the Dniester region today threatened to resign after General Lebed if the Russian leadership does not display wisdom in resolving the fate of the army and its commander. An appeal to the Russian president from the Officers' Assembly of the 14th Army's military units says that the reorganization of the army command and its withdrawal from the region could upset the delicate balance of forces and lead to weapons being plundered.

Arms Producers May Trade Independently in Foreign Markets

LD0406154495 Moscow Radio Rossii Network in Russian 1300 GMT 4 Jun 95

[FBIS Translated Text] In the near future, a number of large Russian producers of armaments and military equipment will be authorized to trade independently in arms on the foreign market. This was stated in an RIA interview by Aleksandr Kotelkin, general director of the Rosvooruzheniye state company. A list of ten defense enterprises that are candidates for independent foreign economic activity is being examined.

Strategic Missile Forces Command Point Visited

MM0506102895 Moscow ROSSIYSKAYA GAZETA in Russian 3 Jun 95 p 9

[Report by Stepan Pronin: "Who Is at the 'Red Button?'" — first paragraph is ROSSIYSKAYA GAZETA introduction]

[FBIS Translated Text] The Strategic Missile Forces central command point is 35 years old on 6 June. But only now have its tightly shut doors been opened to outsiders for the first time. They included our correspondent.

Stories about the whereabouts of the famous "red button" have excited society from time to time. There are many anecdotes and stories on the subject similar to them in terms of subject matter. So, when you are at the central command point you cannot help feeling you are initiated into some terrible secret.

A few minutes to take in your surroundings and you realize that the secret is not that terrible. Although the less you know about it the better you will sleep. It is all prosaic enough. If you regard as prosaic the service of officers in an underground bunker from which you can keep under control the territory from Moscow to Kamchatka and later everywhere. With the aid of modern equipment and an automated control system there is a constant flow of information here about the technical state of each launcher on Russian territory and there is the possibility of coordinating the activity of all existing strategic missile forces and weapons. And without a break for lunch or sleep.

Indeed, we did not actually see the "red button" itself because it does not exist. The system for putting the strategic missiles on combat alert is far more sophisticated than we imagined. So that it is impossible to press it by error or malicious design, as anecdote would have it. And how it can be pressed is the most carefully kept state secret entrusted to Major General Vitaliy Denisyuk, the present commander of the Strategic Missile Forces central command point.

The personnel under his command, as one could guess, in all the 35 years of their existence since the time when Major General Konstantin Gerchik (retired) was the first commander here, have not been taken "off the street." Too great a responsibility rests with these people. So that the inclusion of the central command point in the Strategic Missile Forces book of honor is no accident. Moreover, over the entire history of the center's existence 150 officers have been awarded orders and medals. For what services is not usually made public. The traditional formula is for excellence while on alert duty.

And one more fact that is not traditional. Over 35 years this military collective has not once had to take part in a "real incident." Although there have been and are plenty of practice alerts and exercises. Indeed, the officers themselves do not complain about practice alerts, believing that they can engage in them endlessly in the confidence that they will not have to engage in real combat deployment.

And for ROSSIYSKAYA GAZETA readers to feel involved in the mysteries of the strategic missile forces I report to them "secretly" the most terrible military secret for publicizing which any living creature used to be threatened with the torments of hell — the Strategic Missile Forces central command point is situated near Moscow. But don't tell anyone. Agreed?...

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U.S. Astronaut 'Slightly Injured' on Mir Station

LD0306115495 Moscow ITAR-TASS in English 1133 GMT 3 Jun 95

[By Viktor Gritsenko and Veronika Romanenkova]

[FBIS Transcribed Text] LENINSK (BAYKONUR COSMODROME) June 3 (Itar-Tass) - American astronaut Norman Thagard, working aboard the Mir space station together with Russian cosmonauts Vladimir Dezhurov and Gennadi Strekalov, was slightly injured on Saturday, managing director of the Russian Space Agency Yuriy Koptev said in an interview with Itar-Tass here today.

When Thagard was doing his "daily dozen", a spring snapped from his chest expander, bruising his eyebrow. The injury was insignificant, and the astronaut does not feel it now. He did not suspend work under his programme.

The present inhabitants of the Mir station are not quite lucky in general: Strekalov had problems with his health a month ago. He scratched himself. Although the injury was small, an inflammation developed, and specialists even grew apprehensive that he would not be able to perform his part of space walks.

Nevertheless, Strekalov cured his wound and worked successfully at the station. According to Koptev, when the crew members return to earth, there will be even no traces of their "industrial injuries".

On the other hand, space walks caused problems. Dezhurov and Strekalov could not initially keep themselves within the schedule and fulfill the planned work in time.

Apart from the additional fifth walk, the entire flight programme had to be rescheduled: the launchings and dockings between the station and the Spektr module as well as the U.S. Atlantis shuttle.

True, Koptev noted that the cosmonauts have made up for the lost time and now work according to the programme.

Mir Ready for Docking With Atlantis

LD0306204395 Moscow ITAR-TASS in English 2036 GMT 3 Jun 95

[By Viktor Gritsenko and Veronika Romanenkova]

[FBIS Transcribed Text] MOSCOW, June 4 (Itar-Tass) — Russian cosmonauts completed preparations for a rendezvous with U.S. Atlantis scheduled for June 26 having moved the research module Spektr from the main docking terminal to a side one.

The operation took two hours and lasted from 00:30 till 2:30 Moscow time on Saturday. The re-docking was carried out by the Mission Control Centre in an automatic mode with the help of a mechanic manipulator and was monitored by Vladimir Dezhurov, Gennadiy Strekalov and Norman Thagard from the orbiting station Mir.

The past month was the hardest for the cosmonauts. Dezhurov and Strekalov took five space walks to prepare the station for docking with Spektr and Atlantis. For the first time, the world will witness a docking of two almost 100-tonne space giants.

The Russian and American cosmonauts will work together for five days and after that Atlantis will return to the Earth with Dezhurov, Strekalov and Thagard aboard.

Anatoliy Solovyov and Nikolay Budarin will continue work at the station Mir.

Khrunichev Space Center To Buy Three Intelsat Stations

LD0406122095 Moscow ITAR-TASS in English 1044 GMT 4 Jun 95

[By Anna Bakina]

[FBIS Transcribed Text] MOSCOW June 4 (Itar-Tass) — The Khrunichev State Research and Production Centre has signed a contract worth more than two million U.S. dollars with the American firm Andrew to buy three ground stations of the Intelsat communications system, a spokesman at the Centre Press Centre has told Itar-Tass.

The ground stations will make it possible to establish an integrated network of communications between Baykonur Cosmodrome, the Khrunichev Space Centre and their foreign partners in Europe and America.

Baykonur has available a communications system which was designed to back national space programmes. However, after the Khrunichev Centre had concluded international contracts for the launch of 20 satellites of Western countries by means of a Proton booster rocket, it was decided to establish an up-to-date communications system in the interests of clients. The system must meet the partners' requirements and guarantee operating conditions to which they have got accustomed.

Out of the three Intelsat ground stations, two are to be installed at the Space Centre in Moscow and one at Baykonur.

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Federal Assembly

Duma Criticizes 'Persecution' of Russians in Kazakhstan

MM0506090495 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 2 Jun 95 p 5

[State Duma Statement: "In Connection With the Violation of the Basic Rights and Freedoms of Citizens of the Russian Federation and of Fellow Russian Countrymen in the Republic of Kazakhstan"]

[FBIS Translated Text] The Russian Federation Federal Assembly State Duma, guided by

— the 1900 International Pact on Civil and Political Rights and other generally recognized norms of international law, and

— the 25 May 1992 Treaty on Friendship, Cooperation and Mutual Understanding between the Russian Federation and the Republic of Kazakhstan,

confirms that the protection of the basic rights and freedoms of Russian Federation citizens and Russian fellow countrymen is the Russian state's supreme priority.

The State Duma draws the international community's attention to the following arbitrary acts committed against Russian Federation citizens and Russian fellow countrymen in the Republic of Kazakhstan:

— the placing under custody and deprivation of liberty for two years of B.F. Suprunyuk, leader of the Russian community in North Kazakhstan, well known defender of rights, and journalist, without timely notification of the Russian consul;

— the so-called "preventive" arrests of Cossack leaders V.I. Achkasov, N.V. Gunkin, V.V. Mikheyev, and N.I. Shibanov; and

— the assassination on 29 April 1995, the day of the referendum on extending the powers of N.A. Nazarbayev, president of Kazakhstan, until the year 2000, a father of three, B.Ye. Itterman, head of the village administration, in the village of Krasnodolsk in Kokchetav Oblast's Kellerovskiy Rayon, for refusing to distort the results of the referendum.

The terrible truth of the tragic fate of our fellow countrymen in the Republic of Kazakhstan is that they have been forced to defend their national identity and human dignity for which they have been subjected to persecution, brutal and inhuman repression, and even murder.

In this connection, it is extremely inappropriate that the authorities of the Republic of Kazakhstan have tried to ignore the irrefutable instances of lawlessness designed to mislead the Russian and international public.

The State Duma deputies state with the utmost seriousness that the Republic of Kazakhstan authorities have not fully realized their responsibility for the possible irreparable consequences of the unlawful and inhuman actions with regard to Russian Federation citizens and Russian fellow countrymen in the Republic of Kazakhstan.

The State Duma expects the Republic of Kazakhstan authorities to cease the persecution of Russian Federation citizens and fellow Russian countrymen, release Russian citizen B.F. Suprunyuk immediately, take measures to investigate the circumstances and causes of the assassination of our fellow countryman, B.Ye. Itterman, and punish those guilty of this grave crime.

It is only the goodwill of the Republic of Kazakhstan authorities, their responsibility and rigorous fulfillment of their international legal commitments that will be able to preserve the existing level of stable bilateral relations.

Shumeyko on Election Law, Presidential Race

LD0206113695 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] Ufa, June 2 (INTERFAX) — The Federation Council "will never agree" to retaining, for the up-coming parliamentary elections, the system whereby half the deputies are elected from one-mandate districts and half on electoral-bloc and political-party lists. This was how Federation Council Chairman Vladimir Shumeyko answered a question put by an INTERFAX reporter at a news conference in Ufa (Bashkortostan) Thursday night.

To avoid a repeal by the Federation Council or Russia's President of a new wording of the State Duma elections bill, forwarded by the Conference Commission, Shumeyko suggested that the rehashed bill be put for an informative vote in both houses of the Federal Assembly and that it be put to a vote in the State Duma only if it is approved by both houses of parliament.

Shumeyko made his proposal known to Russian Presidential aide Georgiy Satarov and to a number of Conference Commission members.

Once the Conference Commission and the State Duma accepts a 300:150 ratio between those elected from one-mandate districts and on party lists, rather than the 225:225 ratio, elections will take place exactly on time," Shumeyko stressed.

In his opinion, "150 deputy mandates are quite enough for parties to develop, grow, and get stronger." Shumeyko is convinced, "The quality of the election bill is more important today than formal compliance with the term for holding the elections."

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The opposition parties, Shumeyko believes "want elections to take place as soon as possible because the situation in the country is changing for the better."

He voiced the view that neither Prime Minister Chernomyrdin nor his cabinet colleagues in the electoral alliance Our Home Is Russia were going to become State Duma deputies.

Not a single trip by the Federation Council chairman to a Russian region passes without questions from local journalists as to whether he has decided to run for the Russian presidency or not. "So far not," Shumeyko replied at the news conference in Ufa. He recalled that to nominate a candidate to the presidency, it is necessary to raise a million signatures in his support with no more than 70,000 signatures registered in one region.

"With this in mind to say to myself that I will run for the presidency is ridiculous," Shumeyko said. "I am not that kind of a person who can declare himself a presidential candidate the way many do today."

However, he added, "if a million (signatures) are collected, then we will fight."

No Compromise in Sight on Duma Election Law

LD0206153395 Moscow INTERFAX in English 1301 GMT 2 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The first session of the conciliatory commission to produce a version of the law on State Duma elections that would suit all bodies of power is evidence that there is no ground for a compromise yet, a senior member of President Yeltsin's staff involved in the commission has said.

The source said on the condition of anonymity that the sides stuck to their previous positions — the Federation Council was for electing all Duma members in single-mandate constituencies, whereas Duma's factions remained certain that the original principle of forming the house on the 50/50 pattern should stay in effect.

The presidential staff member said the option offered by the presidential team (300 deputies would be elected in single-mandate constituencies, and 150, on party lists) was an attempt to reconcile irreconcilable ideas.

Some of the law-makers' proposals made at the first session of the conciliatory commission give the hope that the next meeting (scheduled for June 5) would be more productive. The source said that in the first place formulas would be looked for that would give all members of the Russian Federation decent representation in the lower house.

The Federation Council [FC] would never agree to preserving in a future State Duma equal numbers of deputies elected in single-mandate constituencies and on the lists of electoral associations and political parties, FC speaker Vladimir Shumeyko has said. He was speaking at a news conference in Ufa, Bashkortostan on Thursday.

To rule out a situation in which the new option of the law proposed by the Conciliatory Commission would be rejected by the Federation Council or the president Shumeyko suggested preliminary consultative voting in both houses of the Federal Assembly. The proposed version of the law would be put to the vote in the State Duma only if it received support from both houses.

Shumeyko had already notified presidential aide Georgiy Satarov and a number of other Conciliatory Commission members of his proposal.

"Should the Conciliatory Commission and the State Duma accept the 300/150 ratio of deputies elected in single-mandate constituencies and on party lists, and not the 225/225 ratio, the elections will take place on time", Shumeyko said.

He believes that 150 seats in parliament will be enough for political parties to develop and grow stronger. Shumeyko is certain that the quality of the electoral law is far more important than the formal observance of the established deadline.

Shumeyko believes that the opposition parties want the elections to take place as soon as possible, because the situation in the country is changing, and it is changing for the better.

Shumeyko believes that neither Prime Minister Viktor Chernomyrdin, nor government members affiliated with the Russia Is Our Home alliance are going to seek seats in the State Duma.

Each time he tours Russia, the Federation Council speaker is asked by local journalists whether he has made a decision to run for president. "Not yet", Shumeyko told the news conference in Ufa where he was asked that question just one more time. He recalled that for nomination a candidate was expected to collect one million signatures and in one region only 70,000 signatures would be considered valid.

"It would be silly to say I will run for President. I am not the kind of person who can easily declare oneself presidential candidate, although many do this these days".

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"If I have the million signatures, I will fight", Shumeyko added.

Yeltsin Urges Commission To Find Compromise on Electoral Law

LD0206165695 Moscow INTERFAX in English 1426 GMT 2 Jun 95

[FBIS Transcribed Text] Moscow, June 2 (INTERFAX) — Russian President Boris Yeltsin's aide Georgiy Satarov told INTERFAX he had instructions to ensure that a conciliation commission propose solutions to disputes between Yeltsin and the State Duma, the lower house of parliament, on some points in a law on elections to the Duma.

Last week Yeltsin vetoed a law, passed by the Duma, that would keep the present 225-225 ratio between the number of deputies elected on party lists and that elected in local constituencies. The president proposed the former number be cut down to 150 and the latter raised to 300.

Yeltsin also objects to 25% being the minimum turnout for the results of the voting to be valid, and wishes it to be raised to 50%. He also insists that a second round of voting be held in a constituency if none of the candidates there receives more than 50% of the votes.

Nor can the president accept a clause under which a civil servant or a journalist would have to resign from his or her job if he or she decided to stand in the elections.

Satarov said a definitive decision on the law would be taken when formulae to be proposed by the conciliation commission were supported by both houses of parliament. "Until that moment, it is too early to speak about the future of the law, although it would be good if the results of the work of the conciliation commission were clear at its next meeting, on June 5," he said.

He said the ratio between deputies to be elected in local constituencies and those to be elected on party lists was the hardest point to reach agreement on. But the problem can be resolved if both sides take a "constructive and interested" approach. "Conciliation commission experts are working practically non-stop to resolve the contradictions," the aide said.

Faction Leader Predicts High Election Turnout

LD0206115195 Moscow ITAR-TASS in English 1125 GMT 2 Jun 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow, June 2 (ITAR-TASS) — The turnout in Russia's forthcoming parliamentary election will be much greater than media forecast, said Vladimir Medvedev, the chairman of the parliamentary faction New Regional Policy.

Medvedev told a news conference in the State Duma today that the Russians have very high interest in the election ahead in December.

"Meetings with my electorate in the Tyumen region show that people are very closely watching the struggle over the State Duma election law," Medvedev said.

According to Medvedev, the overwhelming majority of electorates want a majority system for the State Duma election.

With that system, voters "can well know, hear and assess for themselves" candidates for the parliament rather than be guided in their voting decisions by obscure party rolls, Medvedev said.

The parliamentarian said his electors frequently told him that Russia needs a referendum on which parliamentary election system be used in it. [sentence as received]

Medvedev said he endorsed the view which the Russian president laid out in his letter to the parliament: the ratio of candidates running in majority constituencies and on party tickets should be 300 to 150.

Medvedev made it clear that this would be the stance of the New Regional Policy faction at the meeting of the tripartite conciliatory commission which had been set up to polish the debated State Duma election law.

Role of Automated Vote Counting System Questioned

MK0206111095 Moscow KOMMERSANT-DAILY in Russian 2 Jun 95 p 3

[Report by Yevgeniy Yuryev under the "State Duma on the 'Vybory' System" rubric: "What Is Important Is How Votes Will Be Counted and by Whom, Not How People Will Vote"]

[FBIS Translated Text] The State Duma is quite concerned by the Central Electoral Commission's plan to actively use the state automated system called "Vybory" [Elections] to conduct 1995-1996 elections. The issue is not a lack of confidence in the power of computer technology, but the fear of rigging, which, as skeptics believe, will be greatly facilitated precisely by computers. They fear that Nikolay Ryabov's commission is preoccupied not so much with how to make its hard work of compiling lists of voters and counting votes easier, but, rather, with creating conditions to manage elections and the possibility of "modifying" their results.

Duma members discussed this problem in detail the other day at parliamentary hearings that were prepared

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by the committee on information policy and communications. It was noted at the hearings that many questions relating to the proposed use of the "Vybory" automated system require legal regulation. The deputies currently have no clear idea about the legal status of the system: Who will be considered its owner and its user, what relations will exist between them, and how will this costly system be used between elections. The Duma is also seriously concerned about ensuring the state automated system's protection against unauthorized access and the possibility that data stored in it may be changed. Yuliy Nisnevich, chairman of the subcommittee on communications and information, who delivered the keynote report at the hearings, drew the deputies' attention to the fact that legal protection is effectively nonexistent and that there is no document envisioning responsibility for possible irregularities in use of the system. In Nisnevich's view, the system should be able to register any mistakes or distortions made to information stored in it, while legislation should specify the responsibility of its owners and users for such manipulations.

Personal data on all citizens of the Russian Federation is to be stored in the "Vybory" state automated system. It was also proposed to include in the law a clear-cut list of such data, which current legislation deems confidential. Speakers at the hearings expressed their concern over significant costs relating to the introduction of the system. Sums running into the hundreds of millions of dollars were cited. To exercise supervision over spending, it was proposed that it be included in the budget as a separate item. In order to make the system effective so that it could somehow recoup the expenditures, it was proposed that a procedure for using the system in periods between elections be defined. Representatives of the Central Electoral Commission, the chief customer that ordered the automated system, were categorically opposed to any encroachments on it by various ministries and agencies. They expect the system to be in operation primarily during election campaigns and censuses. The Central Electoral Commission does not rule out, however, that the system may be used by social insurance and health agencies. That the law-enforcement bodies will also be given access to "Vybory" was modestly passed over in silence, but no one seemed to have any doubt about that.

The hearings were also attended by domestic computing technology manufacturers, who said with utmost indignation that the contract for the supply of hardware for the "Vybory" system ended up with the U.S. Compaq firm, which, furthermore, plans to deliver Chinese-assembled computers for this purpose. Grigoriy Sizonenko, representative of the Zelenograd-based "Kvant" plant, clearly chagrined by the plant's blowing the order, accused the customers of kowtowing to the West and wishing to combat unemployment in China. The Zelenograd resident tried to frighten the customers with the possibility that interested Western services may install extra devices in the computers, and urged that implementation of the contract be stopped and turned over to domestic manufacturers.

The parliamentary hearings on problems relating to the proposed use of the "Vybory" state automated system precede the Duma's consideration of a relevant law. The law will specify the status of the system by proclaiming it part of the Russian national heritage. Under the document, use of the system to conduct election campaigns will only be possible after the adoption of a federal law that will define its legal status and rules of its use.

Hearings on Computerized Electoral System End

MM0206122995 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 1 Jun 95 p 2

[Report by Yevgeniy Skukin under the "In the State Duma" rubric: "Go-Ahead for 'Vybory' System"]

[FBIS Translated Text] It is only a question of when — this was how Mikhail Poltoranin, chairman of the Duma Committee for Information Policy and Communications, summed things up at the conclusion of parliamentary hearings on the procedure for using the "Vybory" Russian Federation state automated system.

Actually, this conclusion was the outcome of heated arguments between politicians, scientists, and electronic specialists on the entire package of possible consequences following this system's introduction in Russia.

Expert Aleksandr Sobyanin was perhaps the only one to express total rejection of the "Vybory" state automated system, whose estimated cost is quite high while the cost of using it would exceed the amount required for maintaining the Academy of Sciences Siberian Branch. According to Sobyanin, the system poses a certain danger for voters. Its excessive centralization would not only ease the labors of election service personnel, but it would also increase the likelihood of tampering with the results.

"It is wrong to accuse the calculator of tampering," Yuriy Danilenko, chairman of Krasnodar Kray Electoral Commission, declared.

A diametrically opposite incident occurred in the kray during the election campaign. It was only the tried and tested system that helped the commission win the lawsuit claiming that the election results had been tampered with. The judicial investigation determined

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that the "Vybory" state automated system rules out any chance of additional data being fed into the computer.

A counterargument on this topic was presented by Leonid Kirichenko, an expert from the Committee for Legislation and Judicial-Legal Reform. The system's super-reliability is useless, he noted, if data falsified by the electoral commissions can be built into the system. First of all, Kirichenko believes, it is necessary to expand the rights of observers and allow public monitoring of the progress of elections.

Another aspect of the problem was raised by Grigoriy Sizonenko, deputy general director of Zelenograd's "Kvant" Plant. According to him, when deciding where to place the order, the Central Electoral Commission opted for a U.S. firm, even though "Kvant" computers are up to world standards. Components for the transatlantic equipment are being manufactured in China. Consequently, the foreign currency allocated for the program will be spent to create jobs in that country. As for the Russians, who will be losing their jobs, they will need additional payments of unemployment benefits.

The draft law "On the Procedure for Using the 'Vybory' State Automated System" is scheduled for consideration by deputies 1 June, the first sitting following their return from their constituencies.

Voting Patterns on CPRF Duma Motions Detailed

MM0206154395 Moscow PRAVDA ROSSII in Russian 1 Jun 95 p 1

[Report by Oleg Shenkarev, coordinator of the Communist Party of the Russian Federation faction in the State Duma: "Those For and Against"]

[FBIS Translated Text] The proposal by Communist A. Gordeyev that the government report on progress in implementing the 1995 budget and on the socioeconomic situation in the country has been accepted. The following did not vote in favor of the proposal: 51 (out of 53) Russia's Choice deputies (moreover, scientists Bunich and Yemelyanov voted against); 26 (out of 36) deputies of the Russia group; 27 (out of 37) deputies of the Stability group; 34 (out of 54) deputies of the Liberal Democratic Party of Russia [LDPR] (Zhirinovskiy himself did not vote); and 16 (out of 21) deputies of (Shakhray's) Party of Russian Unity and Accord [PRYeS]).

On 17 May, all six of the Communists' proposals on the agenda were accepted by the deputies. Accordingly, the proposal by the Communist Party of the Russian Federation [CPRF] faction that the government report on the cessation of the war in Chechnya be heard was accepted.

There was acceptance of the proposal by Deputies K. Zatulin and V. Semago requesting that the government provide an explanation concerning the financing of Russian Public Television [ORTV] by the Menatep bank against government surety.

The law on funding the indexation of pensions and increasing the minimum wage out of extra revenue derived from the federal budget was not adopted on 17 May.

Communists voted in favor of the aforementioned. The law was not supported by the following: All 27 deputies of Yavlinskiy's Yabloko; 11 Agrarian Party deputies (Zaveryukha and Kulik voted against); 51 (out of 52) Russia's Choice deputies; seven (out of 10) of Glazyev's Democratic Party of Russia [DPR] deputies; 34 (out of 37) Stability group deputies; 20 (out of 21) PRYeS deputies; 29 (out of 35) deputies of Medvedev's New Regional Policy group.

The law on preserving historical and cultural monuments commemorating V.I. Lenin introduced by the CPRF faction was not adopted on 24 May. The law is designed to protect the mausoleum and museum of this outstanding son of Russia against vandalism and to protect other memorials to him from destruction.

It fell short by 41 votes. The following did not vote in favor of the law: All 27 deputies of Yavlinskiy's Yabloko; all 53 deputies of Russia's Choice (moreover, 12 voted against, including Gerber, Gusman, Nuykin, and Feygin); nine (out of 10) deputies of Glazyev's DPR; 20 (out of 34) deputies of the Russia group; 28 (out of 38) members of the Stability group; 29 (out of 54) members of Zhirinovskiy's LDPR; 18 (out of 21) members of Shakhray's PRYeS; and 27 (out of 35) members of Medvedev's New Regional Policy.

The same day also witnessed the failure to lift the presidential veto on the law on State Duma elections. Yeltsin went back on former decisions and changed a number of provisions regarding the elections in favor of the "party of government" — the Chernomyrdin bloc. In practice such actions are creating a political crisis and could lead to unlawful elections by Yeltsin edict.

Regional Affairs

Dudayev Appeals to Clinton To Intervene in Chechnya

LD0406194795 Moscow Radio Rossii Network in Russian 1900 GMT 4 Jun 95

[FBIS Translated Text] Dzhokhar Dudayev sent an appeal to U.S. President Bill Clinton requesting his immediate intervention in the conflict in Chechnya, a

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spokesman fo. the Russian Internal Affairs Ministry reported.

Dudayev also sent an appeal to St. Petersburg Mayor Anatoliy Sobchak requesting his mediation in the settlement of the conflict.

Update on Battlefield Situation in Chechnya

Air Force Denies Use of Heavy Bombers

LD0206161495 Moscow INTERFAX in English 1426 GMT 2 Jun 95

[FBIS Transcribed Text] GROZNYY, June 2 (INTERFAX) — A top-ranking official of Russia's Air Force refuted messages concerning the participation of heavy bombers in air raids against ground targets in Chechnya.

"There are no area targets to be destroyed by heavy aviation at the theater of operations in Chechnya," he declared to INTERFAX in Groznyy Friday.

According to him, SU-25 ground-attack aircraft and SU-24 front aviation bombers which inflict "single point strikes" are primarily used in operations in Chechnya.

According to the INTERFAX interlocutor, now the aviation supports the advancement of the joint group of federal forces to the republic's foothill regions from the air. Its major targets are fighters' command points and strongholds, basic regions of Dudayev's formations (warehouses and bases for fighters' training - IF), concentrations of Dudayev's fighters and military equipment.

He also reported that on June 1 and 2 the federal aviation inflicted bomb air strikes against control points of the illegal armed formations located in the populated centers of Vedeno and Shatoy. He said: "The fighters have modern means of communication, including space communication equipment."

He reported that the aviation destroyed a mobile command point of Dudayev's fighters which was guarded by a great number of militants near the populated center of Shatoy.

According to the military intelligence service, on Friday chief of the headquarters of the Chechen armed formations Aslan Maskhadov was in the populated center of Shatoy. "Dzhokhar Dudayev's whereabouts are still unknown," sources in the command of the joint group of federal forces reported to INTERFAX.

Russians Seize 'Strategic' Heights

LD0206162295 Moscow ITAR-TASS World Service in Russian 1510 GMT 2 Jun 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 2 Jun — Federal troops in Chechnya have successfully carried out operations to seize several strategic heights on the Shatoy, Agishty, and Vedeno sections, and are preparing to complete the operation to neutralize illegal armed formations in the south of the republic. An ITAR-TASS correspondent was told this today at the Press and Information Directorate of the Russian Defense Ministry.

Lieutenant General Gennadiy Troshev, appointed on Thursday commander of the 58th Army of the federal troops that has been formed in Chechnya, said that at present they "are regrouping troops, carrying out reconnaissance, and preparing for a large tactical landing force expected in the next few days on the Shatoy, Vedeno, and Mozhay-Yurt sections."

Federal Troops Eliminate 87 'Militants'

LD0306133095 Moscow INTERFAX in English 1246 GMT 3 Jun 95

[FBIS Transcribed Text] GROZNYY, June 3 (INTERFAX) — Federal troops have destroyed 87 militants in Chechnya over the past 24 hours, a senior representative of the federal forces command in Grozny reported to INTERFAX on Saturday.

According to him, federal troops also smashed one armored vehicle, four trucks, nine fire positions and nine strongholds of the militants and confiscated 525 grenades, three flame-throwers, and two kilograms of drugs.

Federal losses were four killed and 15 wounded.

The officer noted that fighting was raging mainly near the villages of Alleroy, Meskhetyy (the eastern line), Agishtyy and Yaryshmardan (the Shatoy line).

The source reported with reference to military experts that over the time of combat actions "since the end of May" on the Shatoy line, "Dudayev has lost up to one third of his militants."

"In this connection, Dudayev has had to transfer to this area forces from other places," the officer explained, predicting that if Dudayev lost control over the area, he "will lose many of his bases and ammunition depots, which will considerably weaken his resistance potential."

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Russians Reach Outskirts of Agishtiy

LD0306133495 Moscow INTERFAX in English 1246 GMT 3 Jun 95

[FBIS Transcribed Text] ARSHTYY (CHECHNYA), June 3 (INTERFAX) — In the course of fierce fighting on Friday, federal troops reached the outskirts of Agishtiy, a village on the Shatoy line in southern Chechnya, the Chechen Headquarters have reported to INTERFAX.

Battles have flared up at the northern edge of the village.

On the eastern line, by the village of Serzhen-Yurt, federal units have been blocked on approaches to the community after 16 hours of fighting.

Federal Troops Seize Chechen Stronghold

LD0306164395 Moscow ITAR-TASS in English 1637 GMT 3 Jun 95

[FBIS Transcribed Text] MOSCOW, June 3 (ITAR-TASS) — Russian troops seized the village of Vedeno, one of the strongholds of Chechen separatist leader Dzhokhar Dudayev's militants, on Saturday [3 June] and hoisted a Russian tricolor.

A representative of the Russian troops' command in Chechnya said the strategically important village was captured after a successful operation to disarm illegal armed groups.

The troops also seized seven tanks, nine armoured vehicles, two APCs and a large amount of weapons and military hardware.

The remains of the armed groups are being blockaded and destroyed by the federal troops, he said.

The representative said the federal armed forces sustained inconsiderable losses.

Troops Only 'Blockaded' Vedeno

LD0406144595 Moscow INTERFAX in English 0136 GMT 4 Jun 95

[FBIS Transcribed Text] MOSCOW, June 4 (INTERFAX) — Federal troops did not seize but just blockaded the Vedeno Village in the mountainous regions of southern Chechnya, an officer of the Russian Defense Ministry's information department Vyacheslav Sedov told INTERFAX when commenting on the report that the village controlled by Dudayev militants surrendered.

He said federal troops had taken control over the Oktyabrskoye and Elisanzhi villages in southern Chechnya.

According to the same source, Dudayev formations lost about 200 people, seven tanks and four armored vehicles during the last day.

'Considerable' Chechen Losses in Vedeno

LD0406065695 Moscow Mayak Radio Network in Russian 0600 GMT 4 Jun 95

[FBIS Translated Text] The Russian military in Chechnya have announced the capture of the village of Vedeno. According to a high-ranking representative of the combined federal grouping, the operation passed off successfully and came as a complete surprise to Dudayev's fighters.

Government forces's losses are minimal, while those of the militants are considerable, both in men and equipment, the officer commented.

Chechens Say Federal Attack Repulsed

LD0406141295 Moscow INTERFAX in English 1336 GMT 4 Jun 95

[FBIS Transcribed Text] ARSHTY [as received] (Chechnya), June 4 (INTERFAX) — Chechen armed formations managed to repulse the offensive by federal troops on several sections of the southern front on June 3, the Chechen Formations Main Headquarters told INTERFAX.

According to the Chechen source, Russian troops had to retreat from the Agishty Village where ferocious fighting, sometimes hand-to-hand fighting, had taken place on Friday evening and Saturday morning.

The same source said Chechen formations had destroyed rocket launchers of federal troops near the Chishki Village (the Shatoy direction) by artillery and mortar fire on June 3.

According to the same source, Chechen formations lost about 180 people and federal troops — up to 400 people.

The Chechen Formations Main Headquarters said four helicopters of federal troops had been shot down during the last day.

However, the Russian Defense Ministry denied the report of the Chechen source on the number of casualties among Russian servicemen and the loss of four helicopters.

Chechens Vow New Tactics After Vedeno

LD0506101995 Moscow ITAR-TASS World Service in Russian 0916 GMT 5 Jun 95

[By ITAR-TASS correspondent Sharip Asuyev]

[FBIS Translated Excerpt] Groznyy, 5 Jun—The advance of the federal forces deep into the Vedeno gorge and the capture of the populated area of Vedeno has

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not resulted in any strategic watershed in combat operations. The latest events "can only change our tactics," Ruslan Gelayev, commander of the "southwestern front" of Dudayev's forces, told an ITAR-TASS correspondent on the telephone today.

He said that the subunits of the south front under the command of Shamil Basayev, which are operating in the Vedeno sector, have already regrouped and changed from direct confrontation to guerrilla tactics and are now carrying out "effective actions" against the federal forces.

Gelayev also said that "small mobile groups of the Chechen fighters are well equipped and are capable of fighting on their own for a long period of time." He also pointed out that Dudayev and the main headquarters under the command of Aslan Maskhadov "are fully in control of the situation and are skillfully commanding the forces subordinate to them." [passage omitted]

Vedeno's Fall Alters Balance of Forces

LD0506105395 Moscow INTERFAX in English 1014 GMT 5 Jun 95

[FBIS Transcribed Text] GROZNYY, June 5 (INTERFAX) — The route of Dudayev's grouping in the Veden section has significantly changed the correlation of forces in the foothills, a spokesman for the command of the Combined Group of Federal Forces in Chechnya declared to INTERFAX. According to him, with the capture of Vedeno by federal troops, "the enemy lost the main stronghold it had long prepared for defence."

Now, the forward positions of militants are 7-10 kilometers south of Vedeno. General mobilization has been declared in the mountain areas, remaining under militants control after the loss of Vedeno. Attempts by militants to shell the positions of troops in the Vedeno sector have been suppressed by artillery. Federal troops will soon continue the operation, launched to force militants from foothills in the Shatoy section.

The source reported to INTERFAX that during the capture of Vedeno by federal troops on Saturday they had destroyed 316 militants, eight tanks, an armored personnel carrier, an antiaircraft gun, an artillery piece, five mortars, and 28 trucks with ammunition. 24 enemy fire positions have been suppressed and six militants have been taken prisoner overnight.

Russia's losses during the capture of Vedeno were seven killed and 21 wounded servicemen.

Charitable Organizations Said Banned From Southern Chechnya

LD0206165195 Moscow Russian Television Network in Russian 1600 GMT 2 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] [Announcer Mikhail Ponomarev] Now to reports on Chechnya. We received a document today, which reads as follows — and I quote: The international charitable organization, Medecins Sans Frontieres, represented by Christopher Stokes, the chief coordinator of charitable medical programs for the CIS and Russia, declares that their organization was today presented with a personal ultimatum from General Kulikov. Under the ultimatum, all charitable organizations are to leave the southern areas of Chechnya by 1800 (local time) today and no charitable organizations will be allowed to return to the south of Chechnya in the next two months. The international charity (i.e. Medecins) said it was unable to understand why a nongovernmental, private medical organization should cease to help those injured in the conflict. We are mainly treating civilians, we are outside politics, and it is our wish to return to the area we are leaving as soon as possible in order to continue our medical work — end of quote.

We have received no official statement on the banning of Medecins Sans Frontieres.

Chechnya 'Human Rights Violations' Video Confiscated

LD0406163195 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 4 Jun 95

[FBIS Translated Text] On Saturday [3 June], the Russian special services confiscated a video cassette showing human rights violations in the Chechen conflict zone from the chairman of the Economic Freedom Party, Borovoy, and the leader of the Democratic Union of Russia [DUR], Novodvorskaya, who were en route to Luxembourg to speak to the commission of the European Parliament. Here with the details is Vitaliy Bogdanov from the EXPRESS KHRONIKA agency:

[Bogdanov] A car belonging to the Russian special services followed them from Novodvorskaya's house to the airport. According to a representative from the DUR, the men from the special services searched Novodvorskaya and Borovoy and confiscated the video cassette. In connection with this, the DUR central coordinating council issued a statement on 4 June protesting categorically against this theft by the authorities. Members of the DUR call on those politicians in the West who have common sense to stop providing economic aid to Russia, as this only serves to feed the authorities.

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Government Directorate Issues Statement on Chechen Talks

LD0306174295 Moscow ITAR-TASS World Service in Russian 1445 GMT 3 May 95

[FBIS Translated Text] Moscow, 3 Jun — The Russian Federation directorate for government information today circulated the following report on the talks aimed at ending the Chechen crisis:

"Recently, commentaries have appeared in some of the media on reports dealing with the talks aimed at resolving the Chechen crisis, which were started on 25 May at the OSCE [Organization for Security and Cooperation in Europe] mission. In connection with this, we consider it necessary to communicate the following report by the leadership of the Territorial Directorate of the Federal Bodies of Executive Power in the Republic of Chechnya.

"1. On the part being played by the OSCE assistance group in the Republic of Chechnya in organizing talks. The press is increasingly reporting that the talks are taking place under OSCE auspices. This does not reflect the true situation. The OSCE assistance group in the Republic of Chechnya and, personally, its head Sandor Meszaros are doing a lot to help find a peaceful settlement to the crisis in the Republic of Chechnya, and we are grateful to him for this. The work is being carried out in close cooperation and jointly with the Territorial Directorate.

"We therefore regard the role of the OSCE assistance group in this process as assistance and participation. The Territorial Directorate continues to regard the OSCE group as a major element in promoting peace. The OSCE assistance group itself shares this view. By way of example, an invitation sent to Nikolay Semenov, head of the Territorial Directorate, contained the following: 'The chairman of the OSCE supports the initiative to hold talks aimed at resolving peacefully the crisis in the Republic of Chechnya, which the OSCE assistance group and the federal bodies in the Republic of Chechnya have put forward.'

"2. On the position of the Territorial Directorate at the talks. Usman Imayev, representing Dzhokhar Dudayev, stated that the Russian side was not ready for the talks and that Nikolay Semenov had allegedly suddenly left the OSCE mission's building. This does not correspond to reality. In actual fact, it was Usman Imayev himself who was not prepared for the talks, during which he made numerous political statements and failed to voice any constructive proposals on a peaceful settlement to the crisis. In turn, Semenov and Lechi Magomadov, head of the delegation of the Committee of National Accord, handed over to Imayev a package of documents. It included: A message by Viktor Chernomyrdin to the participants of a peace conference in the Chechen Republic on 21 April, a peace and accord charter signed by the participants of the conference, and documents guaranteeing amnesty to members of illegal armed formations.

"Semenov gave Imayev a summary of the positions of the delegations on the proposed agenda. In this respect a proposal was put forward on the need for further consultations. The proposal was supported by all the participants of the meeting.

"The arrival and departure of the delegations at the talks was conducted according to a previously agreed time schedule for the meeting, and the range of the issues that were examined at the first meeting was also in accordance with what had been agreed previously. Moreover, a dinner was held after the three-hour talks, at which all the sides, including Semenov, were present.

"3. On the question of the so-called truce for the duration of the talks. This ploy is also actively used by Imayev. One would like to report what the real state of affairs is. Sandor Meszaros wrote to the sides asking them to refrain from mounting combat actions during the talks, from 0000 on 25 May.

"No statements on this proposal by the OSCE were made by the command of the illegal armed formations. At the same time, on the night of 24-25 May there was active shelling of Russian forces' fighting positions and, above all, of the commandants' sectors and checkpoints in the city of Groznyy. As a result of this, there were killed and wounded. The Russian forces returned only when provoked by fire.

"It is known that the Russian Government repeatedly ceased fire unilaterally, but this humane act led only to fresh victims. In particular, during the 14 days of the April-May moratorium, 29 servicemen were killed and about 100 were wounded. These figures were reported to the participants of the meeting. The fact that the leadership of the illegal armed formations did not decide on talks in that period, but instead chose to whip up the conflict further, is on its conscience.

"In accordance with the agreements, the Russian forces ensured the safe passage of Imayev's delegation by an agreed route. They were accompanied by a representative from the Territorial Directorate and the Federal Security Service. They affirm that there was no firing at Imayev's delegation.

"Taking into account these facts and previous experience with Dudayev's representatives, the Territorial Directorate's delegation made clear its firm position: The issue of a cease-fire should not be separated from the

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issue of the disarming of all illegal armed groups. A control mechanism is needed for these difficult processes, and one should be worked out.

"4. On further attempts to seek a peaceful settlement. The Territorial Directorate, which, jointly with the OSCE, has been developing the idea of talks aimed at resolving the Chechen crisis peacefully, has never hesitated about the possibility of looking for other ways to peace, including completely different [nestandartnyye] initiatives.

"But one of the conditions for the search for peace and accord, the Territorial Directorate says, should be the participation in the talks of the Committee of National Accord and the government of national rebirth in the Republic of Chechnya."

Support Efforts for Sakhalin Quake Survivors Continue

LD0206133695 Moscow ITAR-TASS in English 1315 GMT 2 Jun 95

[By Liliya Kuznetsova]

[FBIS Transcribed Text] MOSCOW, June 2 (ITAR-TASS) — The Russian Federal Migration Service (FMS) has registered 1290 people as survivors after the earthquake in Neftegorsk, Nikolay Chulkov, head of the directorate of activities of territorial bodies, told ITAR-TASS.

According to Chulkov, after the victims' registration the FMS began distributing a lump-sum allowance of 100 thousand Roubles per head. Two temporary shelters for accommodating 1000 people have also been set up in Okha and Yuzhno-Sakhalinsk. There are already 71 people housed in the Okha shelter. The FMS has allocated 4 billion Roubles from its funds for paying allowances and the maintenance of these shelters for the next 6 months.

Nikolay Chulkov said that if it becomes necessary the period for keeping the victims in the centres can be further extended. Besides this, migration services of the Maritime and Khabarovsk territories have also been mobilized which are in a position to admit 1000 people each. However, so far only two people have declared their willingness to shift to the mainland.

Sakhalin Oil Pipeline 'Fully Restored'

LD0506062595 Moscow ITAR-TASS in English 0600 GMT 5 Jun 95

[By Yevgeniy Belovitskiy]

[FBIS Transcribed Text] OKHA, SAKHALIN REGION, May 5 [date as received] (ITAR-TASS) — Managing director of the Sakhalinmorneftegazporm Amalgamation Sergey Bogdanchikov flatly refuted information on disastrous destruction of the trunk oil and gas pipelines pumping crude and gas from the island to the mainland.

He told ITAR-TASS here on Saturday [as received] that the pipeline was fully restored today by 07:00, local time. A pressure test of one of its runs has been completed, and the test of the second will end by 13:00, local time. The pipeline is operable. Oil pumping will start over the next few hours.

Oilmen plan that the pipeline will start operating at a design capacity by this evening.

The exact quantity of spilled oil during the earthquake will be established in the near future. However, Bogdanchikov stressed, all measures have been taken to decrease damage to the insular environment. Virtually all oil leakages formed as a result of pipeline ruptures, were localised or fully removed.

They do not present any serious threat for north Sakhalin nature. However, it will be necessary to carry out a considerable amount of nature-protection measures to do away with consequences of the earthquake. According to local specialists, the cost of their implementation will total two billion roubles.

Moscow To Sell Oil To Cover Sakhalin Company's Losses

LD0206130995 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 2 Jun 95

[From the "Novosti" program]

[FBIS Translated Excerpt] The Neftegorsk tragedy is still in the focus of attention of news agencies. Viktor Korotkikh, our correspondent on Sakhalin, reported from the former village of oil workers this morning.

[Korotkikh] [passage omitted] The Sakhalinmorneftegaz joint stock company, whose workers lived in Neftegorsk, has allocated 1 million rubles for each survivor for bare necessities and 5 million rubles for the funeral of each victim. The enterprise is now experiencing severe money shortage. Despite this, its fellow workers in Khabarovsk Territory, the Komsomolsk-na-Amur oil refinery, Khabarovskenergo, and the Dalneft joint stock company, which owe over 160 billion rubles, have not even expressed their condolences. Yuriy Shafranik, minister of fuel and power engineering, who visited the disaster area, has made a decision to sell abroad 1.4 million tonnes of oil to cover the Sakhalinmorneftegaz's expenses. This is nearly the annual oil output of Sakhalin oil fields.

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According to preliminary estimates, total damage inflicted by the earthquake stands at over 1,200 billion rubles. Experts believe that the rubble will be removed in 12-15 days. Viktor Korotkikh from Yuzhno-Sakhalinsk.

Comments on Khankayskiy Rayon Privatization

954F2354A Vladivostok UTRO ROSSII in Russian 21 Apr 95 p 2

[Article by UTRO ROSSII correspondent Raisa Glapshun under the "Privatization" rubric: "Redistribution: Privatization of Property Is Under Way in the Districts—So Far, Not in Favor of the Local Authorities"]

[FBIS Translated Text] A year or two ago, at the peak of the privatization campaign, if the Khankayskiy Rayon Property Administration Committee had put the Novinka municipal wholesale-trade enterprise up for auction, it would have been flooded with applications, and the initial price of 30 million rubles [R] would have jumped by an order of magnitude. But times change fast these days, and although businessmen's appetites remain just as unbridled, abilities clearly do not remain the same. This became obvious at the open auction of the Novinka store. The 230 square meters of space, a land lot of 360 square meters, and the initial, literally laughable, price of R30 million represented a really juicy morsel for commercial dealers. Add to this the fact that the store stands right in the heart of Kamen-Rybolov village.

Of course, "we need this cow ourselves"—"we" meaning the rayon administration, which fought with its last ounce of strength to keep the enterprise as municipal property. But.... It is this "but" that became the ill-fated crumb in the crow's bill. The state owners of the property (and no matter what you call it, municipal property is still state property, albeit now called by a foreign name) found themselves powerless in this uphill battle against the empty kitty, all-out nonpayments, and inflation. The store costs R30 million, but liabilities to creditors—that is, debts—are close to R200 million. The local authorities no longer had the money to keep up this enterprise, so they put it up for sale.

The first auction failed because of a lack of applications. The announcement produced enough interest; merchants came from as far as Vladivostok, attracted by the first figure (R30 million), but when they learned what was behind the impersonal phrase "enterprise has liabilities to creditors," immediately lost interest. The second attempt was more successful. Except it would be quite a stretch of the imagination to call it an auction. Without any effort, Novinka was purchased by IS IChP VNIM-Service [expansion unidentified], registered in Vladivostok. The rayon budget received some R11.5 million out of the R30 million—the rest went into other budgets. In short, the situation with the store looks like this for the local authorities: It is bad that we had to sell it, but good that someone is buying it.

But what do the local authorities realistically own? Why do they battle to the end for every building, for each piece of land, which eventually still shift one after the other into private hands?

When in December 1991 the Russian Federation Supreme Soviet fateful decree "On Delineation of Ownership..." came out, the Khankayskiy Rayon administration correctly figured out that nothing among the property it gets will bring it even a ruble of income, while expenditures on maintaining what they have will be immense. That is, all they got were headaches. Schools, hospitals, municipal services, clubs, nonresidential space in built-in and adjacent structures.... True, there was also a fishery, a canning plant, Selkhozkhimiya, and Agropromenergo in this list. But they were almost unprofitable even then, and they too were to be privatized soon. Then came the idea of transferring to the municipalities the entire housing stock and social-cultural facilities of former sovkhozes—now partnerships. The idea itself is good, except that a beggar and a pauper will not produce a rich man. There was a chronic shortage of subsidies to maintain all this. And so the committee attempted to "attach" to its insubstantial property a score of enterprises whose status at the time was not clearly defined. This happened to the Svetlana store. The matter went all the way to the court and acrimonious eviction of owners. The administration lost the court case, but the store ended up bankrupt too. Like Novinka, Svetlana is now also being put up for sale.

History repeats itself almost precisely. Twice the auction was canceled: Again, buyers were turned off not by the price but by the accumulated "liabilities to creditors." And so a great building, with 290 square meters of space and almost a hectare of land, stands there locked up for several months. If the third auction does not bring results, a fourth one will be announced. Until there is a buyer. There will be one eventually, and of course it will not be one of the locals. The store most likely will be sold at the initial asking price. The municipality will lose another large piece of its property, and with it, a real ability to influence the development of the rayon's infrastructure. We should not be deluded with respect to the mandatory clause in the auction's terms "to preserve the enterprise's profile for 15 years." Officially, both Svetlana and Novinka will be assorted-goods stores for another 15 years, except that there are

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different kinds of goods. The reasoning that currently the stores "carry everything" is nothing but a myth. I mean rural stores. God forbid consumer cooperative unions in rayon disintegrate now—this will be a total disaster for the countryside. And the preconditions for the cooperatives' demise exist, at least in Pogranichnyy Rayon, for instance. At the initiative of even those responsible for organization of all trade, this system is equated to strictly commercial structures.

The euphoria of small business privatization in Khankayskiy Rayon has long gone. The hope that the private sector will feed the people, keep them warm, and supply, grow, and sell everything the population needs is almost dead. And so the administration keeps trying to hold on to whatever it can still keep. One method is to lease out its own property. This happened to the building of the consumer services center. But this did not prevent a disintegration of consumer services in the countryside. All-purpose points of sale have been closed almost everywhere. Leaseholders mostly utilize the space for commercial purposes.

N. Vigovskiy, chairman of the rayon property administration committee, believes that in order not to be left without any property, the rayon has to look for a compromise solution that would minimize losses for the rayon; all available space should be leased out, to be used as retail outlets and production facilities. Even transformer stations, should such a need arise. This is the only way municipal property can be preserved in the current conditions.

One can add to this: not only property but also authority. And if in the current redistribution of property at the rayon and village level the administration suffers a defeat, this will not be a personal tragedy for its head and his subordinates. It will be a tragedy for the entire population at this stage and for many years to come. No matter how vulnerable the local administration is in the eyes of the public, in Khankayskiy Rayon today it is the only body capable of withstanding the onslaught of the wild market on the countryside and can at least somewhat smooth out glaring social problems.

What did the rayon get from private entrepreneurship? Over the past year the economics department issued 317 certificates authorizing individual labor activities. Of this number, 20 persons are in the consumer services sphere, 290—in trade. Of 17 mixed partnerships, 29 individual-private enterprises, and 19 limited liability partnerships, slightly more than 20 are engaged in production or provision of services. Among them are 11 agricultural partnerships—that is, former sovkhozes, one construction partnership, two providers of ritual services, and two mini-bakeries.... This is almost it. The rest are engaged in trade, although one can only envy the flight of imagination built into these enterprises' charter documents: Everything is here—from foreign currency operations to helicopter sales.

In short, pinning hopes on private entrepreneurs is an illusion. The greater share of tax revenue comes from consumer cooperatives and other islands of remaining municipal property. Individual traders do not pay taxes, but their prices are sky-high. Because they do not buy their goods wholesale or at warehouses—they get them mostly from the same kind of kiosks in Vladivostok or Ussuriysk. And the goods are monotonously alike. There is almost no fish or goods requiring packaging in the stores.

Crushed by the lack of money and obligations to the population to maintain the social sphere, municipal authorities are forced to sell their property for a song, to strangers. It is hard to expect anything else in this inevitably accelerating process. Because essentially one could foresee it from the start: The local authorities had only crumbs of property.

Chernomyrdin Confers With Regional Leaders in Sochi

LD0306170695 Moscow ITAR-TASS in English 1703 GMT 3 Jun 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] SOCHI, June 3 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin met south Russian regional leaders in Sochi on Saturday [3 June] to discuss problems facing the agroindustrial complex and the economic situation in the country in general.

The resolution of these problems require state support, Chernomyrdin told journalists after the meeting.

Speaking about the economic situation in the country, the premier pointed out that the first time in years there has been some production growth, including in metallurgy, machine-building and petrochemical industry, and improvement in the financial situation. The gross national product has grown by one per cent over the first five months of the year, he said.

"For the first time we implement the programme which has been approved for the year," Chernomyrdin noted.

Commenting on the results of the meeting, Chernomyrdin's spokesman Viktor Konnov told journalists that issues connected with budget funding were also raised during the discussion. The government plans to submit a draft budget for FY 1996 to the president within the next few days, he added.

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Apart from economic problems, the participants in the meeting also discussed ways to control the level of water in the Caspian Sea. "The situation is alarming. The level of water is rising, which is fraught with flooding part of the territory of the Astrakhan region, Kalmykia and Dagestan... Some regions may become disaster areas already next year," he said.

The meeting was attended by Yevgeniy Kharitonov and Yevgeniy Kuznetsov, the heads of the administrations of the Krasnodar and Stavropol Territories respectively, Vladimir Chub, head of the Rostov region administration, Anatoliy Guzhvin, Astrakhan region leader, as well as first deputy head of the administration of the Lipetsk region Vasiliy Zharko, Moscow mayor Yuriy Luzhkov, Sochi mayor Nikolay Karpov, head of the government chief of staff Vladimir Babichev and representatives of various Russian ministries and departments.

Tatarstan President on Relations With Moscow

954F2419A Kazan RESPUBLIKA TATARSTAN in Russian 31 May 95 p 1

[RESPUBLIKA TATARSTAN-TATARINFORM report on news conference given by President of Tatarstan M.Sh. Shaymiyev in Moscow; date not given: "'Toward a Strengthening of Mutual Relations Under the New Historical Conditions'"]

[FBIS Translated Text] The place and role of Tatarstan in the renewal of the Russian Federation on a democratic basis, its example, and the practice of the strengthening of state sovereignty—these problems determined the content of the news conference of M.Sh. Shaymiyev, president of the Republic of Tatarstan, which was held yesterday in the Central House of Journalists in Moscow. Journalists representing a wide spectrum of the news media—the NTV and Two Times Two television companies, the Russian "Vesti" and "Tatarstan" programs, Radios Liberty and Ekho Moskvy, the newspapers SEGODNYA and KOMMERSANT-DAILY, the IRNA and TATAR-INFORM press agencies, and leading newspapers of Tatarstan had assembled in the hall.

Opening the news conference, V. Bogdanov, chairman of the board of the Russian Journalists Union, introduced the president of Tatarstan to those assembled as a most influential politician of the Russian Federation, who had made an important contribution to the establishment of interethnic harmony in the country.

Speaking of the significance of the Festival of Tatarstan in Moscow, M.Sh. Shaymiyev emphasized in his speech that this was not someone rendering account to someone else and not an endeavor on the part of Tatarstan to look better than it actually is. It is an expression of the good will of Moscow and Kazan for a strengthening of mutual relations under the new historical conditions and yet further stimulus to the development of national culture.

Today Tatarstan may state with satisfaction that under extremely complex political and economic conditions it has found its own path of the development of relationships and of a settlement of relations with the federal authorities. We are different, we are faces with different expressions, so to speak. The treaty between Tatarstan and Russia, which was signed in February of last year, and also the 12 intergovernmental agreements supplementing and specifying it are fully justifying themselves. Analyzing its fulfillment in the past year, Boris Nikolayevich Yeltsin and myself, M.Sh. Shaymiyev said, unanimously affirmed that the optimum formula of a resolution of the problems that had accumulated in our relations had been found.

As distinct from all the rest of Russia, we also opted for our own path of economic reforms—the so-called soft entry into the market. Many of you Russian journalists, we recall, criticized us for this. What has the result been? Yes, the finish line is the same for all of us inasmuch as we live in one economic space. But the period of the decline in the living standard in Tatarstan set in later than in Russia and will because of this be shorter. We hope that a rectification of the situation in the economy will begin around the end of the present year, unless something untoward happens.

Inasmuch as we have assembled on the occasion of the opening of the Culture of Tatarstan Festival, Mintimer Sharipovich continued, I would like to call your attention to the following fact: There has been an appreciable shift here in the republic in recent years in the social consciousness in respect to a revival of national culture and preservation of the language, literature, and art. It is no accident that theater attendance has remained at its former level and has grown even in places. Concerts are performed to full halls. An explosion of talent is being observed in the republic. We find this gratifying. On the eve of my departure for Moscow I was visiting a village of Almetyevskiy Rayon for the ceremonial opening of the museum of Rizatdin Fakhretdinov, the eminent Tatar educator. The village looked pretty much like any other, we have many like this. But what was it about it that was attractive? The population's attraction to spiritual sources. A handsome mosque has been built here and an obelisk in remembrance of those who fell at the fronts of the Great Patriotic War has been erected on voluntary donations, and now a museum of its famous fellow countrymen-educator has been completed with love and zeal. And I could cite dozens of such examples of people's general appeal to their roots and

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moral foundations. This cannot fail to impart optimism to us politicians.

Questions for our president then followed.

[Question] Mintimer Sharipovich, how do you view the Chechen problem?

[Shaymiyev] My attitude has long been known, and it has not changed in the least in the past month. I firmly believed and continue to believe that the Chechen knot, however intricate, should and could have been untied peacefully. I even offered my mediation services. I publicly condemned from the very outset the method of a power solution that was chosen. Nothing can justify human casualties, regardless of whose side they are on. And I would not undertake mediation now, after the bloodshed. At an international conference at the Carnegie Institute (United States), in which representatives from Georgia, Abkhazia, and other trouble spots participated, I satisfied myself yet again that our treaty with Russia was opportune for it is hard to reach agreement after bloodshed.

[Question] How do you perceive Yeltsin's position in respect to the coming elections in the Russian Federation?

[Shaymiyev] I support him because I consider abnormal the fact that half the deputies of today's State Duma are represented by Moscow and St. Petersburg. The equal representation of the Russian heartland—the oblasts, krays, and republics—is essential. I am for the electivity of governors also, not their appointment by presidential edict.

[Question] What are Tatarstan's future prospects of the opening of its missions in countries of the far and near abroad?

[Shaymiyev] Following major renovation of the monumental building, yesterday we inaugurated the authorized mission of Tatarstan in Moscow, right in the center, on the bank of the Moskva River. I saw many of you there, and what you saw duly impressed you, I believe. As of today we have opened trade and cultural missions in New York, Paris, Istanbul, Ankara, and Tashkent, and the question of the opening of such in Kazakhstan and the Baltic countries is being studied. These matters have been coordinated with the Ministry of Foreign Affairs of Russia. We will continue this policy, where necessary and expedient.

[Question] Will oil-rich Tatarstan join the Mostatneft financial and industrial group proposed by Moscow?

[Shaymiyev] The oil and petrochemical branches of Russia are currently undergoing structural changes. Our oil workers have thus far remained holders of shares of the Tatneft Stock Company. They will continue, I believe, to retain the controlling blocks of shares, but they could join the said group, proceeding from the interests of both Tatarstan and Moscow. When the gasoline crisis erupted in the capital, Yuriy Mikhaylovich Luzhkov and myself concluded that Tatarstan oil, going to the Moscow Oil Refinery, could avert such cataclysms. The question of the creation of the Ukrtatnafta company is in the resolution phase.

[Question] Have interethnic relations in Tatarstan been put to the test in recent years?

[Shaymiyev] Interethnic relations here, fortunately, had always been distinguished by stability and harmony. The signing of the treaty with Moscow, however, gave people even greater confidence. There has been no departure of families here on account of national hostility nor is there now, on the contrary, the number of people coming to us is growing from year to year.

[Question] Does the level of development of your republic's relations with countries of the East satisfy you?

[Shaymiyev] We are far from fully realizing our opportunities thus far, I believe. Perhaps only with Turkey have we established active cooperation, and we visit one another just about weekly. I recently met with the ambassadors of Iran and Iraq, we took part in an exhibition Abu Dhabi, and we intend to establish and develop relations with these and other states of the Arab East. There is a great field for activity in the realization of mutual interests, and we need to roll up our sleeves and get down to work. [end Shaymiyev]

The news conference lasted more than 90 minutes. The journalists asked the president of Tatarstan in detail about all aspects of the life of the republic. How is social assistance to the needy strata of the populace being implemented? Is unemployment high, and what is being done to eliminate it? What is Tatarstan's role in the consolidation of the Tatar nation seen to be? What is Shaymiyev's view of Zhirinovskiy? Mintimer Sharipovich answered with his characteristic thoroughness and respect for his audience, which once again earned its affections. To the applause of those assembled V. Bogdanov, chairman of the board of the Russian Journalists Union, presented M. Shaymiyev with a three-volume work of essays on journalist veterans "Living Memory." Accepting the gift with gratitude, M. Shaymiyev expressed a desire for the contacts of the artistic unions of journalists of Russia and Tatarstan to develop unswervingly for the good of both parties.

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I. Khayrullin, deputy prime minister of the Republic of Tatarstan, took part in the news conference.

Economic Issues

Implications of Ruble's Rise Against Dollar Examined

MM0206191395 Moscow IZVESTIYA in Russian 1 Jun 95 p 2

[Article by Irina Savvateyeva: "Stronger Ruble — Illusion or Fact?"]

[FBIS Translated Text] Round figures have a hypnotic ability to trigger a wave of emotions. The dollar falls below the 5,000-ruble mark, prompting tangible concern among a considerable proportion of the population. Both those who deal with large sums every day and those who carefully keep 100 or so bucks in reserve try to discern the causes and consequences of the high-profile strengthening of the Russian currency.

Assessments of what happened range from "the rate was artificially stopped by the government" to "the real process of the dedollarization of the Russian economy is beginning." Sergey Aleksashenko, the former deputy finance minister and now president of the Association of Russian Foreign Exchanges, believes that since around February last year the Central Bank has been tightly controlling the rate (the exception was September-October 1994). All the changes in the rate, including the current fall in the dollar, are the result of certain Central Bank decisions. In this context, the expert believes that it would be appropriate to recall how the Central Bank's previous attempts to "strengthen" the Russian currency ended — in both 1993 and 1994 it all resulted in the ruble falling by approximately the same amount.

The idea is often voiced that at a time of relatively high inflation (up to 8 percent expected in May), the ruble is artificially supported by the government and the Central Bank. Of course, it is not a question of direct support in the form of currency intervention. After all, since mid-April the Central Bank has been forced to carry out considerable ruble intervention in order to prevent the dollar from "dropping" too much, but many experts believe that the introduction of foreign-exchange reserve requirements for the commercial banks was just such an artificial measure.

At the same time, in the opinion of a ranking government official, the consequences of this measure are being artificially exaggerated. According to our source's assessment, the introduction of the foreign-exchange reserve requirement has not changed the situation as fundamentally as the commercial banks themselves are making out, since the measure followed on the heels of the abolition of the tax on exchange-rate differentials. The Moscow banks, which have sizable foreign-currency portfolios, had suffered greatly from this tax, but in December they successfully lobbied the State Duma to pass a law abolishing the tax on exchange-rate differentials, after which the Presidential Staff was well-lobbied too. As a result, the law was signed the day after it was adopted. The government was unable to prevent it. So there then followed the response to the blow — if you don't want to pay the exchange-rate differential tax, then please provide reserves of foreign exchange.

According to information from the same source, foreign reserve requirements will be tightened up in the future in order to abolish the preferential Central Bank arrangements.

However, returning to the assessment of the current ruble-rate situation, we would note that not all experts are inclined to consider its strength artificial. Thus, Igor Doronin, an adviser to the Interbank Foreign Currency Exchange, believes that ruble strength is a result of a realistic policy, financial stabilization, and a decline in inflationary expectations.

Incidentally, according to Doronin's assessments, the current fall in the dollar is also due to seasonal factors to a certain extent. The end of May is the eve of the vacation season, people are trying to spend their accumulated foreign currency, and so business activity — and, consequently, demand for currency — falls. Surplus supply, Doronin believes, will continue for the next two or three months.

At the same time, the Interbank Foreign Currency Exchange expert believes that it is "too soon to be banging the drum," since the situation on the financial market continues to be relatively tense. Owing to considerable levels of inflation and the growing ruble money supply, yields on interbank loans and short-term state bonds are falling. As a result, there are excess amounts of rubles in the system. If a proper use is not found for them over the next three months — in the stock market, for instance — Doronin believes that the situation could result in a major explosion.

It has to be said that many experts fear a traditional ruble slump in the fall. Incidentally, to be fair it should be noted that this year one of the main destabilizing prerequisites — money-supply growth, a consequences of the necessary funding of the budget deficit — is missing. There is a limit to budget expenditure, and many observers reckon that the government will be unlikely to "ease up" and allow spending over and above its norms.

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Incidentally, there is a fear that money-supply growth is being used to support the dollar. It has to be said that money-supply growth rates in April-May were relatively high — 12-15 percent as against the planned figure of 5 percent, but Sergey Vasilyev, deputy minister of economics, believes that even this unpleasant factor will not be decisive.

First, at the start of the year money-supply growth was very strongly contained. So overall the indicators look pretty good. However, the existence of a counterweight to this money supply in the form of foreign currency is in itself a stabilizing factor, in Vasilyev's opinion.

According to the deputy minister's estimates, the Central Bank's foreign reserves in this situation could be so large by 1 September that "we may not need a stabilizing fund."

However, in the opinion of many experts, a change in the foreign trade balance could be a major destabilizing factor.

As a result of the current sharp rise in the ruble in the context of continuing inflation, both I. Doronin and S. Vasilyev in particular agree that imports will stabilize in this situation and exporters will suffer major losses. Thus, supply and demand on the foreign exchanges will change sharply.

Moreover, Aleksashenko believes that by strengthening importers we will be placing in even greater jeopardy Russian producers of goods who are currently still able to maintain a foothold in the marketplace — above all, producers of light-industry output and agricultural produce.

Since the aforesaid view is relatively widespread, it strikes us as interesting to provide another view of the problem of the interdependence of the exchange rate and the structure of the foreign trade balance.

Thus, in the opinion of Sergey Vasilyev, deputy minister of economics, it is by no means exporters who are suffering as a result of the ruble's current strength but foreign-exchange speculators. The arguments are that, yes, the rate of rise in the dollar is lagging behind inflation by approximately one-third, but the dollar has fallen by about the same amount against the major world currencies. Our exporters' competitiveness has to be assessed against all the major currencies taken together — after all, Europe is our main trading partner, not America.

As a result, over the past 18 months foreign trading conditions in Russia have not changed, according to Ministry of Economics calculations. Moreover, Sergey Vasilyev is confident that the rate can be kept stable for a whole year without detriment to the foreign trade balance provided that there are very cautious inflation dynamics — no more than 2 percent a month — which strikes the deputy minister as being very realistic, since, as he sees it, May's 8 percent was a result of the liberalization of the oil market (an effect which will continue to be felt for some time).

Undesirable changes in the structure of the foreign trade balance, in the opinion of the Ministry of Economics representative, can also be regulated with the help of import-export tariffs — by lowering export duties and increasing import duties.

Ruble Pumped Up in Anticipation of G-7 Meeting

MK0306101095 Moscow KOMMERSANT-DAILY in Russian 3 Jun 95 p 1

[Report by Vadim Bardin: "The Central Bank in the Role of Hodja Nasreddin"]

[FBIS Translated Text] Hodja Nasreddin said he could stun the shah by teaching a donkey to read the Koran. He was guided by quite reasonable considerations: During the course of training either the shah or the donkey would die. Russia's exchange rate policy today seems to be built according to the same scenario. The Central Bank is mastering the role of Nasreddin; the donkey is the ruble, and the shah is the IMF. The training process is the continued fall of the rate of the dollar on the Moscow Interbank Currency Exchange, which has constituted nearly 100 points since 28 May.

KOMMERSANT-DAILY wrote about the May paradoxes on the Moscow Interbank Currency Exchange on 25 May. In principle no new agents defining the exchange rate situation have appeared since then. The situation is still conditioned by Appendix 2 to Regulations on Procedures of Forming Obligatory Commercial Bank Reserves with the Central Bank, which forces banks to sell hard currency in order to proceed with their operations. As usual, the tune is called by the IMF. Back in January 1995 Tatyana Paramonova, Russia's acting chief banker, spoke about the Central Bank's readiness to fulfill the IMF's persistent recommendations about toughening the reserve policy. As of 1 May the IMF recommendations have been followed painstakingly. The result is evident: Commercial banks are confronted with the need to raise ruble funds and generally to limit their activity in Russia. This is really an anti-inflation measure that is also a strong anti-investment factor.

At the enterprise level, the model of conduct designed to stay afloat in a situation when investments are senseless is the thorough intensification of exports. However, the actual steadiness of the exchange rate

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and even the growth of the ruble against the dollar, which has emerged in the recent period, show that exporters' opportunities are falling while incentives for not returning currency to Russia keep growing. In this context it should be noted that a tougher reserve policy in world practice is rather a means to fight the overheating of the economy and not at all the "golden mean" in addressing the task of braking inflation and simultaneously looking for means of economic revival.

The evolution in the attitude to the Central Bank's experiment by representatives of the government and presidential structures is very indicative. Initially, voices from the president's inner circle accused the Central Bank of following an erroneous policy, while the government in the conflict between the Central Bank and commercial banks tended to support the banks. Then the Central Bank's clearly unexpected surprise prompted the consolidation of the ruble to be presented as the main achievement of Russia's economic policy. First Vice Premier Anatoliy Chubays already expressed his condolences to players on the currency exchange who bought hard currency futures at 6,000 rubles per dollar. Finance Minister Vladimir Panskov predicts a further growth of the ruble rate at least in June.

The time frame indicated by Panskov is not accidental. It is not only that the minister is circumspect. In mid-June, the G-7 meeting is to be held in Halifax, where the Russian president is expected to make a speech. Yeltsin's ultimate goal is to secure the consent of major creditors to a 25-year rescheduling of the Russian debt. Consolidation of the ruble as an indicator of Russia's oncoming economic recovery will certainly not be a surplus argument.

That the ruble's mountaineering inclinations will be cut short in mid-June is also apparent from other upcoming events. First, the Central Bank has announced its readiness for compromise. It was promised that as of 1 July the obligatory reserve normative will be adjusted while the Central Bank will take into account the banks' share of currency operations and their assets. It is logical to assume that the greater a bank's hard currency component, the more liberal should be the reserve requirements, and therefore the banks will be able to change their conduct on the currency market. Second, if the Duma's initiative to extend tariff exemptions until 1 July is supported by the Federation Council and the president, one can expect the National Sports Foundation and other privileged importers to enter the market in numbers, which will not pass without leaving a trace on the exchange rate.

Chubays Sees 'Real Financial Stabilization'

MM0206151295 Moscow ROSSIYSKIYE VESTI in Russian 2 Jun 95 p 1

[Unattributed report from the "In the Corridors of Power" section: "We Have Made a Start, Gentlemen"]

[FBIS Translated Text] Inflation fell in May to 7.5 percent per month, First Vice Premier Anatoliy Chubays said after a meeting with Viktor Chernomyrdin, during which they examined the results of the country's economic development in the first five months of the year. He said that the main result of this period was the evidence of real financial stabilization. According to Chubays, production in May was one percent higher than that in April and the GDP saw the same increase. Moreover, the production decline slowed by three percent from January to May of this year compared with the same period last year, the vice premier stressed.

Jan-May 'Socioeconomic Development' Summarized

MM0206150395 Moscow ROSSIYSKIYE VESTI in Russian 2 Jun 95 p 1

[Report by Lyudmila Biryukova: "Production Decline Halted"]

[FBIS Translated Text] The government has summed up the results of Russia's socioeconomic development in January-May 1995.

One-third of the year is past. How did it turn out? Did we make progress toward social well-being and harmony? These questions were discussed yesterday at a Russian Federation government session. Of course, attention was focused on statistics — those describing the macroeconomic situation in the country. They vividly illustrate that a long-awaited event occurred in May: The production decline halted.

The next few months will show how stable this trend is, but the fact remains that in May, the volume of industrial production in the country increased; moreover, this increase is put at 2-4 percent compared with last May.

It is too early to celebrate. If we compare the industrial work indicators for the first five months of this year and last, we see the same tiresome minus: In 1995 GDP is three percent down on the same period last year, and industrial output is five percent down, but the upturn in May gives one hope.

Hope was provided by ferrous and nonferrous metallurgy, chemical and petrochemical plants, and housing construction. At the same time, enterprises geared to the domestic market have been totally unable to break free

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from the clutches of the recession. The severe decline in the high-technology branches of machine building, the food industry, and, in particular, light industry, was not overcome.

What can they rely on in the immediate future, in order to be able to start climbing the mountain? On lower inflation, for example. Add to this production workers' enterprise, and you can expect a general industrial revival by the end of this year.

Panskov: Budget Must Be Approved Before Elections

LD0506102195 Moscow ITAR-TASS in English 0943 GMT 5 Jun 95

[By Yuriy Khots]

[FBIS Transcribed Text] Krasnoyarsk, June 5 (ITAR-TASS) — The Russian federal budget should be endorsed before the beginning of the next budget year just as it is done in any civilised country, the Russian government believes, Finance Minister Vladimir Panskov said in an interview with ITAR-TASS today.

The minister was speaking in the east Siberian city of Krasnoyarsk where he is attending a meeting of the Council of the "Siberian Accord" which brings together representatives of Russia's major eastern regions.

The minister said his ministry would submit the draft budget for 1996 to the government in July and to the State Duma in August so as to have it promulgated into law in December.

The minister said the provisions of the budget will be discussed with the Siberian Accord organisation and representatives of virtually all regions of Russia invited to Krasnoyarsk for the purpose in order to enable the government to act with the backing of the territories after they discuss the Federal financial policy in detail.

Minister Vladimir Panskov said this was the first joint discussion of this kind, particularly important since the Federal government suggested certain changes to the Federal budget for 1996 while sticking to its mainline policy.

Among the changes proposed by the government are the abolition of the excess wage tax and of the practice of forming the financial assistance fund in Moscow for further return to regions. The minister said this practice should be revised at the legislative level.

Panskov stressed that a new method of providing financial assistance to the subjects of Federation has been proposed which equalises the approach towards republics, territories and regions.

Deficit Remains Within 3.8 Percent of GDP

LD0206175495 Moscow ITAR-TASS in English 1534 GMT 2 Jun 95

[By Vladimir Zadera]

[FBIS Transcribed Text] Moscow June 2 (ITAR-TASS) — Preliminary estimates say the federal budget deficit did not exceed 3.8 percent of gross domestic product [GDP], BIZNES-TASS was told by Mikhail Delyagin, the acting economics division director of the Russian presidential analytical department.

The figure is 2.5 times lower compared to this period last year, Delyagin stressed.

The analyst said the budget deficit increased only by 0.5 percent despite an unplanned increase in social payments in the wake of raising the minimal wage in March.

This is a marker of some stability of Russia's budgetary system, Delyagin said.

Asked about the impact of the Chechnya military campaign on the budget's spending section, Delyagin said the conflict "began to tell".

Nonetheless, the conflict-related spending will not markedly affect macroeconomic processes, the analyst said.

The funding of the military campaign made only 0.1 percent of gross domestic product over the past five months, Delyagin said.

Paramonova To Tighten Rules Regulating Banks

MK0306073095 Moscow SEGODNYA in Russian 3 Jun 95 p 1

[Report by Dmitriy Volkov in the "Finances" column: "The Central Bank Intends To Tighten Norms Regulating the Banking System"]

[FBIS Translated Text] Tatyana Paramonova, acting chairman of the Russian Central Bank, said yesterday that the Central Bank intends to "bring the norms regulating the activity of the country's banking system in line with international standards." This will "for the most part mean a tightening of rules" regulating the functioning of commercial banks. In particular, according to her, the Central Bank is preparing a new guideline on the limit- allowances of the open currency position [limit otkrytoy valyutnoy pozitsii]. In an interview with SEGODNYA, Paramonova said that the state of Russia's banking system is "very complicated," in particular because commercial banks have been developing in conditions more liberal than those established

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by international standards, for instance, with respect to such parameters as capital sufficiency and risk insurance. Paramonova said firmly, though, that the banking system will not collapse.

The Central Bank has already taken some moves in this direction, seeking to create a kind of safety net which, according to Paramonova, will exercise "not policing but preventative functions." The increased mandatory reserve norms in particular have produced a painful reaction from commercial banks, and even, according to some reports, prompted them to launch a campaign in the State Duma against Paramonova's approval as Central Bank chairman, which the Duma is to consider 9 June.

Paramonova, who said she "anticipated this reaction," held active consultations with the banking community and, according to her, "the banks themselves understand that the longer we stay in a lenient climate, the worse it will be for the banks." Agreement was reached on participation of the Association of Russian Banks' representatives in a working group which will write new instructions on the open currency position. Therefore, Paramonova believes, the conflict was extinguished before it really flared up: "Serious banks understood, and many have already placed obligatory reserves with the Central Bank," as defined by the well known directives. Paramonova is convinced that even those that have not done this so far have also realized that she is right — particularly Inkombank, according to information in the newspaper's possession.

Therefore, only the ideologically intransigent part of the State Duma can prevent the confirmation of Paramonova as Central Bank chairman — a rather shameful prospect because common stupidity in politics has cost Russia too dearly already.

Energy Package To Attract Foreign Investment

MK0306115095 Moscow SEGODNYA in Russian 3 Jun 95 p 3

[Report by Anastasiya Naryshkina: "The Duma Will Be Swept by a Package of Laws for the Fuel and Energy Sector. The Fuel and Energy Ministry Upholds the Interests of Foreign Investors"]

[FBIS Translated Text] In June the Duma will receive a package of laws regulating various aspects of activity in the complex. During the month, draft laws on oil and gas, output sharing, coal, energy saving, ecological security of fuel and energy complex enterprises, and so forth are to be considered. Then the ministry will present a draft energy code, after which the complex's legislative framework can be considered to be generally formed.

One reason prompting specialists to draft the laws was Russia's low investment attractiveness (130th place on a list of 145 countries). Meanwhile, according to Vadim Dvurechenskiy, deputy fuel and energy minister, without long-term investments it is impossible to develop new territories and deposits, in particular the shelf. Dvurechenskiy noted that so far investments in the complex are negligible and limited to short-term (1-2 years) contract-type projects. Serious companies, knowing about the instability of the Russian legal basis, the possibility of unexpected changes in the taxation system, in the export regime, and so forth, do not want to risk investing in Russia. Large projects worth tens of billions of dollars (thus, projects for shelf development in the Barents and Okhotsk Seas are worth approximately $40 billion each; approximately 10 years and $10 billion are needed for the construction of a sea terminal) will begin their return on investment in another 10 years. Investors will show an interest in domestic mineral deposits only when they are sure that legislation is stable.

The draft federal law On Output-Sharing Agreements, ready for a second reading, replaces some taxes with a share of output ceded to the state. The developers maintain that this will not affect budget revenues. Furthermore, the draft provides that the investor is to pay for mineral resources and pay a profit tax and taxes to the local budget. Russia, without risking anything and without spending a single ruble, will get a certain share from so-called profitable oil — between 50 and 80 percent.

The draft law On Output-Sharing Agreements specifies that up to 70 percent of investments in the first 10 years of project development (it is during this time that the majority of capital inputs is made) are placed at Russian enterprises. Finally, the investor is to pay for mineral resources (6-10 percent from each tonne of oil extracted) immediately after extraction has begun.

So far the draft law On Output-Sharing Agreements does not agree with the law On Mineral Resources. The latter envisions licensing the use of mineral resources, which pertains to administrative law. The new output-sharing bill introduces the concept of contract (civil law) between two equal sides, which is more normal to foreign partners.

In substantiating the need for the oil and gas law, developers recall that these products play a special role in the country's economy: They yield more than 60 percent of hard currency revenues and approximately 60 percent of industrial revenues to the budget. For this reason, Dvurechenskiy believes, state regulation of this sphere is necessary. He thus commented on this point. The stoppage of an oil hole leads to irrevocable losses

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of oil owing to its redistribution in the stratum. Last year such losses, according to expert estimates, approximated 100 million tonnes. State intervention in the activity of enterprises using mineral resources, which is today regulated only by the normative enactments of the USSR Oil Ministry, could permit a change in the situation.

The bill also addresses questions of monopoly access to the pipeline system. According to the authors, there is no need to divide the system, but there is a need for state regulation of this natural monopoly. The ministry proposes to use a corresponding ministry structure to oversee the implementation of the terms of license agreements with users of mineral resources. According to Dvurechenskiy, license-issuing bodies do not have such functions. Therefore, so far there is no control in this sphere.

Energy Companies Oppose Banks' Control of Stocks

MK0206102095 Moscow SEGODNYA in Russian 2 Jun 95 p 4

[ANI report: "Only the Largest Firms in the Fuel and Energy Complex Will Be Saved from Privatization. 'Second-Echelon' Companies Are Not Going To Allow Bankers To Manage Their Capital"]

[FBIS Translated Text] Russia's largest oil companies Rosneft, Lukoil, Yukos, and Surgutneftegaz, created under the Russian Federation president's 17 November 1992 Edict 1403, can be included in the list of "strategic enterprises."

According to sources in the Russian Government staff, shares from the state-owned stock of these companies will be protected "against all forms of long-term sale or transfer in trustee management to third firms." The list of "strategic enterprises," on recommendation by the Russian Federation Fuel and Energy Ministry, should include Gazprom and the Russian Integrated Power Grid joint-stock company, which unites the country's electrical power stations and power networks. These largest companies of the Russian Fuel and Energy Ministry are also close to receiving guarantees protecting large blocks of their shares of stock from mass sale to "unknown investors."

A well-informed representative of the Fuel and Energy Ministry confirmed that this department proposed to the government to "place under special control" the possible dilution of state-owned stocks in fuel and energy companies. In particular, coal companies and associations and also joint-stock companies created on the basis of gas distribution enterprises can be deemed "strategic." The share of the state-owned block in these joint stock companies will be reduced from 40 percent to 25.5 percent.

Government experts note that the "strategic list" does not include "second-echelon" oil companies, which were established after the promulgation of edict 1403. Thus, the state block of shares in Sidanko, Slavneft, the East Oil Company, and Onako is not guaranteed against dilution. The state's share of stock in these companies is 51 percent.

Russia's largest banks, which have formed a special consortium, are the most serious hopefuls for shares from the state-owned block. This association promised to provide a 9-trillion ruble credit to cover the state budget deficit in exchange for Russian enterprise stocks being transferred to it for trustee management. Financial experts noted that the banks, formally having no right to sell the shares received, will find a way to convert them or use them in mortgage operations, allowing the securities' liquidity to increase by three to four times.

At the same time, oil companies' representatives speak out against granting the banks the right "to pump up the price of the stocks," using the shares received. "It is quite probable that after receiving shares, a bank will work systematically to increase their price, but this, in all likelihood, will be a speculative game," said a highly placed representative of Lukoil. According to him, "even an attempt to use the shares to institute company control by a bank will end in nothing: No investment or emission project today is conceivable without full agreement on the part of oil producers." "Every oil company has already formed its leadership. Nobody will be happy if a bank representative comes to a board of directors session and dictates a development strategy," stressed a Sidanko leader.

Furthermore, oil producers note that Fuel and Energy Ministry structures are themselves trying to develop financial associations that are subordinate to them. "Any instance of a bank or a group of banks' instituting control over the stock capital of an oil company can very quickly put this structure out of business. The former general directors of oil producing associations have paid dearly for the relative independence of their companies and they do not want financiers to get part of their profits under the pretext of executing their obligations to the state," said a high-ranking source at the Russian Federation State Property Committee. Even so, he supposes that the State Property Committee can "force the oil companies to make their contribution to the program of attracting 9 trillion rubles to the state budget in the form of proceeds from privatization and corporatization."

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According to State Property Committee experts, "first-echelon" oil companies will get a possibility to "share with the budget" by issuing debentures against the shares from the state block while firms not included in the "strategic list" will have to share the actual stocks. In particular, Russia's largest oil company, Lukoil, has already received the right to issue bonds against 11 percent of its shares from the state block, which, according to company estimates, should increase budget revenues to 1 trillion rubles.

Specialists from the Finance Ministry and the State Property Committee, who approved the possibility of the "credit-stock" deal, count on the "mutual reinforcement" of the rate of the ruble and the stock market, which can occur if the banks take on part of the responsibility for the state-owned stock in the most efficient Russian enterprises. At the same time, judging by the reaction of the oil companies, they do not intend to let go of their control over the shares, the bulk of which, after going through auctions and bids for three years, will again return to them. Neither will the companies miss the opportunity of ensuring investments by selling 15 percent of shares from the state block to foreign investors. This is a more attractive option for them today than hopes for investments by Russian banks.

Committee Says Gold Output To Rise 1.5-Fold

MK0206120095 Moscow SEGODNYA in Russian 2 Jun 95 p 4

[Report by Anastasiya Naryshkina: "A Switch From Placers to Ores. Gold Production To Go Up 1.5-Fold"]

[FBIS Translated Text] In his address at the Yekaterinburg conference devoted to the 250th anniversary of the gold producing industry, Yevgeniy Bychkov, chairman of the Russian State Precious Metals Committee, spoke once again about an expected increase in gold production. These plans are contained in the draft goal-oriented federal program for gold and silver production from now up to the year 2000. If the draft program is approved by the government, gold production in Russia will increase by 70-75 tonnes by the year 2000, or 1.5-fold against 1994 (when 131.9 tonnes were produced). Considerable growth is to be achieved by switching from the development of placers to an emphasis on ores.

Over the past several years, placers, which account for only 20 percent of Russian gold reserves, generated on average 71 percent of the overall production volume; meanwhile, ores, which make up 80 percent of the reserves, generate only 29 percent of gold production. Last year the situation took a turn for the worse: Placers generated 120 tonnes of gold or 91 percent of the overall production volume, while the remaining 11.9 tonnes were produced from ores. This imbalance is undermining production because of the depletion of placer fields.

Implementation of the federal program will require fairly considerable investment. Speaking in Yekaterinburg, Yevgeniy Bychkov cited the sum of $2.2 billion, which will be required to build a new mining and enrichment combine and to reconstruct seven existing ones. In addition, the industry will need 3.3 billion rubles to support operating capacities. Serious infusions will have to be made in prospecting, which has recently been in a woefully inadequate state. For instance, out of 18 billion rubles the federal budget was to have allocated last year for the replenishment of the industry's mineral and raw material base, the gold producers received only 3.45 billion rubles. As a result, 40 percent of expended reserves were replenished by prospecting last year against 60 percent in 1993. If the situation remains unchanged, in 5-7 years about 40 percent of enterprises will end up bankrupt — they will have nothing to mine because prospected reserves will be depleted by that time.

Yeltsin Remarks on Food Imports Questioned

MM0206115095 Moscow IZVESTIYA in Russian 2 Jun 95 p 1

[Report by Valeriy Konovalov: "If Russia Refuses To Import Food, Big Cities Will Be on Starvation Rations"]

[FBIS Translated Text] The fight over food imports, which we talked about the other day, continues against the interests of the population and in the interests of the Russian monopoly lobby. A new twist was the Russian Federation president's statement that supplies of foodstuffs to Moscow from abroad must be cut and food supplies from Russian regions, which allegedly cannot break into the market because of domination by foreign competitors, must be increased.

This is a manifestation of the fierce confrontation in recent days between the authorities in a number of big cities and certain federal structures under the influence of the agricultural processing and trade lobby. The city authorities want to feed their people; their opponents want to feed the lobbyists. Perhaps that is putting it too strongly, but the facts, figures, and statistics do suggest that.

If the Russian regions are bursting to get their food into the city markets yet being blocked by foreign competitors and the city authorities whom they have in their pocket, then what about the recent Russian Government decree and the government conference that preceded it? It was on the same subject. Just prior to this, a government leader had stated that Moscow and

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the other big cities were simply not taking food from Russian suppliers. Moscow City Hall, naturally, was first to deny this. Then there was a major conference at the government, chaired by Oleg Soskovets and attended by leaders involved with regional problems. It discussed what and how much Moscow and the other big cities needed and how much the regions could provide. Well now, the regional leaders at the conference were desperately trying to reduce the volumes of possible supplies, insisting that it was difficult for them even to fee themselves, that is, their own population.

The outcome was a compromise document — Government Decree 530, dated 25 May, "On Measures To Provide the Population of the City of Moscow With Food in 1995." All they had managed to squeeze out of the regions for delivery to Moscow found its way into the decree as a directive. We must emphasize that this is the maximum the regions can give the capital, as their leaders admit. How much is that? Let us cite some figures.

Moscow's needs in 1995	Supplies from regions
Meat — 650,000 tonnes	200,000 tonnes
Milk — 3 million tonnes	1.88 million tonnes
Cheese — 35,000 tonnes	9,000 tonnes
Sugar — 500,000 tonnes	200,000 tonnes

The picture is more or less the same for other foodstuffs. Most importantly, Moscow is prepared to consume a much larger quantity of food from the Russian regions, but they are reluctant and unable to supply it. Even in Moscow's most prosperous Soviet years, when the entire country worked by directive to provide for the capital, Russia was able to meet only one-third of Moscow's food requirements, the union republics covered another third, and the final third was imported.

Perhaps these data are not objective and the president has some others? Perhaps, say, the influx of Russian food into the capital and other big cities is being artificially curbed in the interests of foreign competitors?

However, here we have the figures on wholesale food fairs in Moscow. There have been four in the past three years. In a few days' time, there will be a fifth. A fair is a fair — it is a marketplace. Well now, as it happens, what the regions had on offer at the fairs was only 15-20 percent of Moscow's food needs. According to our own correspondents and statistics, the picture is the same in the country's other big cities.

Now here are the latest data. After the president announced that Russian food suppliers must be ushered into Moscow, these very suppliers' applications for the upcoming fair in Moscow were summarized.

They are offering 126,000 tonnes of meat, 195,000 tonnes of sugar, 11,000 tonnes of cheese, and so on. Where are the offers that Moscow will not accept and that are argued over in the president's statement? It appears they do not exist, nor can they exist, given the massive reductions in livestock numbers and sowing of crops.

This whole publicity over food imports is grand speculation, which can only seriously undermine food provision for the Russian population.

FSB Attempts To Block Publication of Crop Data

LD0206164095 Moscow INTERFAX in English 1504 GMT 2 Jun 95

[FBIS Transcribed Text] Moscow, June 2 (INTERFAX) — "It is still too early to forecast" Russia's 1995 gross grain harvest, believes Vice Prime Minister Aleksandr Zaveryukha, the man in the Russian government responsible for the agricultural-industrial complex.

On Friday he declared to INTERFAX that the attempt to block the publication of prognoses on expected crop yields and the gross harvest of winter crops "can be explained purely circumstantially."

At present "it is rather difficult to orient oneself" concerning the possible yield of either winter or spring crops, Zaveryukha believes, because Southern Urals and several Volga regions "were hit by drought in the second half of April and in May and only time will tell what weather and climatic conditions will be in other regions of the country."

According to Zaveryukha, "this is the cause of differences in opinions concerning estimates on the future gross harvest of grain" (from 65-70 million tonnes forecast by the board of Russia's Agrarian Union to 80-82 million tonnes predicted by the economics, agriculture and foodstuffs ministries - INTERFAX).

It never occurred to Zaveryukha that the Federal Security Service [FSB] could ban the Agriculture and Foodstuffs Ministry or other ministries or departments from presenting data on their prognoses to the mass media. "However, if, all of a sudden, the Federal Security Service wants to go in for forecasting in the agricultural-industrial complex the agrarians will not object."

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Meanwhile, well-informed sources in Moscow told INTERFAX that on May 29 the stamp "Restricted" was put on prognoses of expected yields for gross harvest of winter wheat and rye, right in Russia's Federation Service on Hydrometeorology and Environment Monitoring which prepared this prognosis.

Status of Harvesting Equipment 'Unsatisfactory'

MM0206155495 Moscow SELSKAYA ZHIZN in Russian 1 Jun 95

[ITAR-TASS report: "But the Equipment Is Not Ready"]

[FBIS Translated Text] Specialists from the Russian Federation Ministry of Agriculture and Food assess the preparation process of equipment for the feed procurement season as unsatisfactory. According to their end-of-May figures, only 45 percent of feed harvesters, 49 percent of mowing machines, and 55 percent of pick-up balers have been made ready throughout Russia.

The percentage rate of the readiness of feed harvesting equipment is particularly low in Leningrad, Nizhniy Novgorod, Perm, Chita, Kaliningrad, and Amur Oblasts, Krasnoyarsk Kray, the Republics of Udmurtia and Khakasia, and the Jewish Autonomous Oblast.

Assessing the state of sown and natural grasses, specialists are noting that it is basically good, and this makes it possible to meet the coarse feed needs of livestock breeding. Only in Astrakhan, Volgograd, and Saratov Oblasts and places in Samara Oblast, as well as in Bashkiria and the south of the Ural Mountains has the growth of grass slowed down because of the long absence of rain.

This year the country has every opportunity to increase the production of corn silage both by expanding the main sown areas and by sowing corn more than once, primarily in dry areas. There are enough seeds for this.

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International Affairs

Kuchma Says Black Sea Fleet Political Problem

LD0306133595 Moscow INTERFAX in English 1246 GMT 3 Jun 95

[FBIS Transcribed Text] CHERKASSY, June 3 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma, who was on a working trip in Cherkassy on Saturday [3 June], declared to journalists who accompany him in the trip that "the issue on the Black Sea Fleet is a political but not a military one."

Speaking about negotiations between aides of the Russian president Yuriy Baturin and Dmitriy Ryurikov with Ukrainian representatives in Kiev, Kuchma said that they tried "to find understanding in solving the Black Sea Fleet problem on the political level."

On Friday Kuchma met with Boris Yeltsin's aides in the course of preparation of the meeting between two presidents scheduled for June 9 in Sochi.

Kuchma said nothing about concrete results of this meeting but pointed out that "they will become known when we meet with Boris Yeltsin."

On June 1-3 in Kiev, Ryurikov and Baturin also had several meetings with Secretary of Ukraine's National Security Council Vladimir Gorbulin and aides of the Ukrainian president.

On June 3 they departed to Moscow.

Russian-Ukrainian Talks on Black Sea Fleet Begin

LD0206114695 Kiev UNIAN in Ukrainian 1040 GMT 2 Jun 95

[FBIS Translated Text] Kiev — Preliminary consultations on preparations for the meeting between the presidents of Ukraine and Russia in Sochi got under way today.

The Ukrainian side is represented by Acting Prime Minister Yevhen Marchuk and Volodymyr Horbulin, the Ukrainian president's national security aide, secretary of the National Security Council. The Russian side is represented by Yuriy Baturin, the Russian president's international affairs aide, and Dmytro Ryurykov, Russian president's adviser.

UNIAN has learned from well-informed sources that this morning Ukraine's President Leonid Kuchma received the participants in the negotiations.

As Leonid Kuchma said earlier, the meeting in Sochi "will most likely produce no final solution to the Black Sea Fleet issue."

Russia, Ukraine Disagree Over Fleet Base in Sevastopol

LD0206173895 Kiev UNIAN in Ukrainian 1500 GMT 2 Jun 95

[FBIS Translated Text] Kiev [no date as received] — The key issue to be discussed during the Ukrainian-Russian talks on the Black Sea Fleet on 9 June in Sochi concerns the joint deployment of the two fleets in Sevastopol, Ukrainian Deputy Defense Minister Ivan Bizhan told a news conference on 2 June.

He said the Russian side had agreed to the wording that the main base of the Russian Black Sea Fleet would be located in Sevastopol, instead of the former proposal of Sevastopol being the main base of the Russian part of the fleet. "But Russia insists on using the entire infrastructure in Sevastopol, which would be the same as if the Russian Black Sea Fleet owned the city," Bizhan said.

According to the deputy minister, the Ukrainian side believes that Russia could have the two largest of the five harbors in Sevastopol, the northern and the southern harbors, capable of housing 517 warships and other vessels. Ukraine would then take over Streletskaya and Karantinnaya harbors.

The deputy minister said that Balaklava Harbor, offered by Russia as the Ukrainian Navy headquarters, would be demilitarized at the request of local residents.

Bizhan said the Russian side had no excuse for claiming the whole of Sevastopol infrastructure for itself. He said he was convinced the issue was political rather than military.

Official Holds Firms Against Moscow Fleet Demands

LD0306113795 Moscow Russian Public Television First Channel Network in Russian 0500 GMT 3 Jun 95

[From the "Novosti" program]

[FBIS Translated Text] Yuriy Baturin and Dmitriy Ryurikov, the Russian president's aides for national security and for international politics respectively, are at present in Kiev. They are holding consultations with the Ukrainian president's aides in preparation for the meeting in Sochi. The talks with Ukraine's president, prime minister and defense minister in connection with the division of the fleet took place behind closed doors. Ukraine's position was set out especially for our program in an interview given to our correspondent Nataliya Kondratyuk by Ukraine's Deputy Defense Minister Ivan Bizhan:

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[Begin Bizhan recording] When we started talks on the Black Sea Fleet in 1991, we proceeded on the assumption that everything that is based in Ukraine — namely 92 percent of the Black Sea Fleet — should be Ukraine's property. But now we have already gone as far as to agree to receive twenty percent of the Black Sea fleet's ships. And, moreover, as regards basing, Ukraine's position is that it will to a reasonable extent make available the necessary number of basing sites and places of stationing for the Russian Federation's fleet.

And if it is the case, as the Russian Federation's mass media are now saying, that Russia will insist on having its way, namely that the whole of the town of Sevastopol must actually be a base of the Russian Federation's fleet, I think, I probably can correctly say, that this problem will hardly be resolved. [end recording]

Adviser Comments on Sochi Summit, Balkan War

AU0206134495 Kiev DEMOKRATYCHNA UKRAYINA in Ukrainian 1 Jun 95 p 2

[Interview with Volodymyr Horbulin, Ukrainian presidential adviser for security issues and secretary of the National Security Council, by Alla Nosova; place and date not given: "Volodymyr Horbulin on This Summer's Political Events"]

[FBIS Translated Text] It is certainly interesting to know about the development of political events outside our state in the near future. Precisely those events that may concern Ukraine. We asked Volodymyr Horbulin, Ukrainian presidential adviser for security issues and secretary of the National Security Council, to tell us about them.

[Horbulin] Among the major events is the visit by the Ukrainian president to Brussels, where he will discuss questions of collective security in Europe at the Council of Europe and at the NATO headquarters. Within the first ten days of June, there will be one of the most crucial events in the development of Ukrainian-Russian mutual relations — the meeting between Ukrainian President L. Kuchma and Russian President B. Yeltsin in Sochi. Precisely this meeting will become a turning point in the final analysis of the relations between the two states. It will not be in the interests of either Russia or Ukraine to hampering these processes.

[Nosova] What is a forecast for the Sochi meeting?

[Horbulin] You see, everything will depend on how we find a solution to the Black Sea Fleet problem. In Minsk, this problem was not discussed for lack of time. However, it is known that the Ukrainian president sent a letter to B. Yeltsin where the fate of the Black Sea Fleet is also dealt with. In my opinion, the materials sent to Russia contain positive aspects that may lead to finding a solution to the Black Sea Fleet problem. It is perhaps too early to give an overall assessment of the Russian side's reaction to these documents. Even "Ostankino" [Television Company] gives dissimilar interpretations of the documents. However, it is clear even now that the fate of the fleet will be a key issue at the Sochi talks.

[Nosova] The situation in Bosnia has worsened. What is Ukraine's position on these issues?

[Horbulin] Ukraine has its own position. A corresponding letter has already been sent through Foreign Ministry channels to the effect that servicemen of peacekeeping troops should not become hostages to military actions in Bosnia. This is at variance with all humanitarian principles of mankind.

In the context of general politics, Ukraine must, in my opinion, participate in peacekeeping forces. In accordance with information that we received from the Balkan Region, it may be concluded that yet another stage of the war has so far been prevented only thanks to the presence of the peacekeeping forces. Everything that takes place in the Balkan region is a result of the pernicious policy pursued by individual leaders who place their own interests above the interests of their nation and may lead it to the verge of genocide.

'Disagreements' Remain Prior to Moscow-Kiev Summit

LD0206131495 Moscow INTERFAX in English 1202 GMT 2 Jun 95

[FBIS Transcribed Text] KIEV, June 2 (INTERFAX-UKRAINE) — Russian presidential national security aide Yuriy Baturin and aide on international policies Dmitriy Ryurikov, are holding consultations in Kiev today with their Ukrainian counterparts, to pave the way for the upcoming summit between Leonid Kuchma and Boris Yeltsin.

Ryurikov told reporters in Kiev today that "there are still rather serious disagreements."

However, he said, "we strive to make the summit meeting as productive as possible and that it address both Ukraine' and Russia' interests."

Ryurikov voiced the view that "there will be no tensions in the relations between Ukraine and Russia". "We did not speak in terms of "concessions", we spoke about how to arrive at a mutually-acceptable solution," he said.

According to Secretary of the National Security Council under the Ukrainian president Vladimir Gorbulin, "on the last day our stands moved much closer."

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Consultations between the aides of the Ukrainian and Russian presidents will continue in Kiev on Saturday.

'Belarusian Way' of Integration With Russia Rejected

LD0306175095 Kiev UNIAN in Ukrainian 1600 GMT 3 Jun 95

[FBIS Translated Text] Cherkassy — The "Belarusian way" of integration with Russia is not suitable for Ukraine, Leonid Kuchma told a news conference on 3 June, in reply to a question about relations with the CIS.

According to the Ukrainian president, the authors of the Belavezha accords, which established the Commonwealth of Independent States, did not fully consider its consequences. He said he meant the absence of guarantees for each of the former Soviet republics of its share in the assets accumulated during the 70 years of joint existence.

Kuchma said Ukraine will abstain from the CIS customs union for economic reasons. He cited the probability that the removal of customs controls under lower prices for raw materials in Russia would flood the Ukrainian market with Russian goods and crush most domestic enterprises. For this reason, Ukraine favored the establishment of free trade with Russia as a initial stage.

The Ukrainian president denied the possibility of dual citizenship in Ukraine, calling it "nonsense." He said such citizenship could be granted only to some individuals in exceptional cases.

Asked about bilingualism in Ukraine, Kuchma stressed that he favored a policy of promoting the Ukrainian language without banning Russian.

Russia Turns Down Sakhalin Earthquake Aid Offer

LD0206180495 Kiev UNIAR in Ukrainian 0910 GMT 2 Jun 95

[FBIS Translated Text] Kiev — The Civil Defense Staff of Ukraine has sent to the Ministry for Civil Defense, Emergencies, and Elimination of the Consequences of Natural Disasters of the Russian Federation a telegram expressing condolences on the Sakhalin earthquake and offering its assistance in the eradication of the consequences of the catastrophe.

According to the press service of the Civil Defense Staff of Ukraine, the leadership of the Ministry for Civil Defense and Emergencies of the Russian Federation has turned down the offer of help from the Ukrainian rescue workers.

The Civil Defense Staff is preparing, on instruction of the Cabinet of Ministers of Ukraine, to provide assistance to the victims in the form of medicines, food, clothing, and so on.

58 Peacekeepers Taken Hostage in Bosnia

LD0206191795 Moscow INTERFAX in English 1850 GMT 2 Jun 95

[FBIS Transcribed Text] KIEV, June 2 (INTERFAX) — The number of Ukrainian peacekeepers from the UN forces in the former Yugoslavia taken hostage by Bosnian Serbs this week has reached 58.

On June 1, Bosnian Serbs captured three more Ukrainian peacekeepers near the town of Goradje, Anatoliy Shostak, Ukrainian Ambassador to Croatia, told INTERFAX-UKRAINE Friday [2 June].

He said that all Ukrainian peacekeepers are kept at the sites of possible air strikes by NATO forces in Sarajevo.

Shostak also said that on June 1 contacts were established with Bosnian Serb leaders and the negotiations on the release of the hostages are now under way.

He also discussed the hostages' fate at his June 1 meeting with Yasusi Akasi, the UN special representative in the former Yugoslavia.

"During the meeting I stressed that Ukraine demands that the UN take immediate steps to release the hostages," said Shostak.

Shostak said that it was not necessary to try to free the hostages by force. "We are for political negotiations. They should let the people go without any preconditions," he said.

Territorial Dispute With Romania Reviewed

WS0506074595 Kiev KIYEVSKIYE VEDOMOSTI in Russian 31 May 95 pp 1,4

[Article by Tetyana Silina: "Does Romania Lay Any Territorial Claims to Ukraine?"]

[FBIS Translated Text] In the fourth year of its independence, Ukraine's relations remain unsettled with only one neighbor. It is Romania. (We have already managed to initial a basic political treaty even with Russia). While intently following all new nuances in Ukrainian-Russian relations, however, our journalists pay virtually no attention to Ukrainian-Romanian relations, even though there are perhaps no less problems in this area as well. Romanian journalists, on the other hand, are doing double work, laboriously shaping in their country a public opinion, in which Ukraine is not presented in the best light. Romanian citizens are being persistently persuaded that,

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as a result of the "basic" Ribbentrop-Molotov pact [on division of German and Russian spheres of influence in East Europe], "primordial Romanian lands" were handed over to Ukraine. Let us stick to facts, however.

To comprehend current relations, one must recall the past, regardless of the well known saying. And the sides interpret it differently. Romania deliberately distorts facts, claiming that North Bukovina and South Bessarabia went to the former USSR by virtue of the Ribbentrop-Molotov pact. In fact, however, the 1939 pact became invalid in 1941, when Hitler's ally Romania, along with Germany, made an incursion into Ukraine (which for some reason is being kept quiet in Romania). Romania's current borders were drawn at the Paris peace conference and recorded in the 1947 peace treaty with Romania. It must be emphasized that Ukraine signed the treaty as an independent state. The state border between Ukraine and Romania is thus not a result of the Ribbentrop-Molotov pact, but a post-war peace accord, which was confirmed by the Helsinki Final Act and other documents of the Organization on Security and Cooperation in Europe.

And if one wants to refer to history, let us recall that the Ukrainian territories, stubbornly called "Romanian" by our uncompromising neighbor, have belonged to our country from ancient times. "Ukraine has never recognized the Romanian occupation of a part of Bessarabia in January 1918, and it has condemned the occupation of North Bukovina conducted in November 1918 despite the will of its population striving for reunion with Ukraine. There has been no single document, in which Ukraine would diverge from its fundamental course toward liberating the aforementioned lands from foreign rule.... Recognition of the illegitimacy of the Ribbentrop-Molotov pact cannot be a foundation for justifying the illegal annexation of Ukrainian lands by Romania in the past, or any current or future encroachments upon them," reads a statement issued by the Ukrainian SSR Supreme Soviet on 5 July 1991 in response to a Romanian parliament statement "On Ribbentrop-Molotov Pact and Its Consequences for Romania," which actually laid territorial claims to Ukraine.

Furthermore, in 1948 Romania and the USSR signed a document, according to which a part of the border was relocated from the middle of the Danube to the Romanian bank, and the Zmiyinyy Island became Soviet. And in 1961, the existing borders were confirmed by a treaty on friendship between the USSR and Romania. Let us emphasize that this document was ratified by the two countries' legislatures, and according to international law, its validity or injustice cannot be questioned. After Ukraine became independent, however, Romania refused point-blank to confirm the treaty. Moreover, on the eve of the December 1991 referendum [on Ukrainian independence], the Romanian parliament adopted a very eloquent declaration containing, for example, the following statements: "Ukraine undoubtedly has the right to organize and hold a referendum on its independence. This referendum, however, must not be held on Romanian territories, which were forcefully annexed by the former USSR, and which have never belonged to Ukraine, and, according to law, are Romanian.... The Romanian parliament officially states that the referendum organized by the Ukrainian authorities on Romanian territories — North Bukovina, Hertsa Okrug, Khotyn Okrug, and certain administrative units in South Bessarabia — is invalid, and so are its consequences." It must be noted that this was a very special salutation to Ukrainian independence by a friendly neighboring country.

Since then the fate of an international political treaty has been unclear. Romanian President Ion Iliescu, being compelled to heed his domestic political situation, has twice postponed his visit to Kiev. For the sake of justice, it must be recalled that in an interview with KIYEVSKIYE VEDOMOSTI he said the following: "We should pay attention to current realities. Otherwise, the entire situation in Europe will diametrically change. I thus believe that the only approach for a politician-realist is to recognize the current borders between states." These words were voiced in December 1993, and the Romanian president's stance, judging by all signs, has not changed since then. At the same time, however, every, even the slightest, success at the negotiations with Kiev sparks if not an upsurge of Ukrainophobia, than at least open anxiety in Romania's certain political circles and press.

The latest splash of particular attention to Ukraine was made a few weeks ago. It was not caused by the arrival of a group of Ukrainian Foreign Ministry experts in Bucharest as much as by a sensational and repeatedly cited statement by Volodymyr Horbulin, secretary of the National Security Council subordinated to the Ukrainian president. At one of his news conferences, he completely unexpectedly (also for our domestic journalists accustomed to streamlined statements on this delicate issue) stated that, in the opinion of Ukraine, "Romania cannot become a NATO member any time soon, since this country has not renounced its territorial claims to Ukraine."

What hell was raised then! It came as no surprise that Romanian papers flashed headlines such as "Moscow Strikes Through Kiev. Our Admission to NATO Blocked by Its Territorial Claims" (ZIUA [title as transliterated], 18 May 95), "Romanian-Ukrainian Talks Under the Banner of Uncertainty" (AZI, 18 May

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95), or "Ukrainian Officials Complained to President Clinton" (CURIERUL NATIONAL, 18 May 95). It is interesting, though, that the Romanian Foreign Ministry also lost its nerves, and, in form of a statement issued by its press secretary Vasile Sofineti, reacted not to the official (let us emphasize) statement by the Ukrainian leadership, but to the press reports, which, in principle, is inadmissible in diplomacy. It was said in the statement that the two countries' joint denunciation of the Ribbentrop-Molotov pact (for which Romania has been striving so persistently) "does not mean laying territorial claims," but has a "political and moral meaning" for the Romanian society. Romania, its Foreign Ministry states, "respects the current borders," and "does not lay territorial claims to any country, including Ukraine."

This is wonderful, but why should we not include these excellent sentences in a basic treaty? Let us denounce the unfortunate pact together, though only in a basic document. Why has this not been done yet? To put it frankly, there is the impression that, by insisting on the denunciation, Bucharest does not want to heal the mental wounds of the Romanian society and satisfy it morally as much as it wants to talk Ukraine into convening a new conference and revise the 1947 treaty.

It is a pleasure to read the Romanian Foreign Ministry statement. Let us enhance our impressions, however, by browsing through Romanian newspapers. For example, the 11 May 1995 issue of COTIDIANUL quotes words voiced by Marcel Dinu [name as transliterated], state secretary of the Romanian Foreign Ministry, following a parliamentary debate on the situation with basic documents Romania is supposed to sign with Hungary, Moldova, and Ukraine: "Regarding Ukraine, affairs are complicated by the border problem. The Foreign Ministry is ready to sign a basic treaty, recognizing Ukraine's current borders. The Zmiyinyy Island, however, remains a topic open for subsequent talks." Is this not an acceptance of territorials claims? Is this not an attempt to create a precedence to revise borders and start redrawing them?! The Romanian Foreign Ministry stated on 17 May that there are no territorial claims. And on 19 May, CURIERUL NATIONAL reported the following: "Romania does not lay territorial claims to any country, including Ukraine. This is the position of the presidential administration." The following conclusion inevitably arises: By issuing a separate statement, the presidential administration admitted that not all Bucharest officials hold the same opinion.

What about the parliament? Is it not the parliament at which the 18 May issue of the same paper hints by saying that only "radical groupings" are laying territorial claims? By the way, many Romanians are not satisfied with President Iliescu's stance. In the article entitled "Are There Any Conflicting Issues With Ukraine?" we read as follows: "Given the current international situation, we cannot raise issues concerning South Bessarabia and North Bukovina.... There is nothing that can be done, since we once lost this opportunity due to Ion Iliescu's unclear policy.... The only remaining option is for our politicians to find a compromising formula, which would give us a basis for discussion, at least in the future." On the same day, COTIDIANUL also addressed this issue: "Zmiyinyy Island always belonged to our ancient Kingdom. According to law, it is still a part of Romania. Its transfer to another country has never been ratified by either the Grand National Assembly or the Romanian parliament. (What about the ratified 1961 border treaty? — T.S.) This is why we consider our politicians' reckless statements ignoring the future as inadmissible."

And the 10 April issue of ROMANIA LIBERA warns: "The current political situation in Romania is not conducive to certain compromises, and it is hard to believe that the Romanian parliament will ratify these documents (a basic political treaty — T.S.), if they pass over the Ribbentrop-Molotov pact and its consequences.... And as time passes, it will be even harder to believe that there are chances of ratifying these documents without referring to the basic pact signed on 23 August 1939."

So, does Romania lay any territorial claims to Ukraine? The significant silence of diplomats and articles in the Romanian press are very alarming. We will hope, however, that common sense will finally prevail among Romanian society, and that radical political circles will listen to their president-realist.

The third round of talks on coordinating the text of a large-scale treaty has begun in Kiev today. We would like to believe that achievements contributing to a settlement of contradictory issues will be made during this round.

National Affairs

Kuchma Dismisses Parliament's Veto on Referendum

LD0206155495 Kiev UNIAR in Ukrainian 1520 GMT 2 Jun 95

[FBIS Translated Text] Kiev, 2 Jun (UNIAR) — The press service of the Ukrainian president has circulated a statement:

In connection with the Ukrainian Supreme Council resolution of 1 June 1995 which imposes a veto on the Ukrainian president's decree to conduct a plebiscite among citizens of Ukraine on confidence in the Ukrainian president and the Ukrainian Supreme

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Council, the Ukrainian president's press service is authorized to make the following statement:

The president of Ukraine confirms the validity of the above decree. Local and central state executive authorities have been instructed to ensure its full implementation within the specified timetable.

Doing so, the president of Ukraine proceeds from the fact that this decree does accord with the constitution and active legislation of Ukraine, as well as the natural right of the head of state to seek his people's advice in a situation when a political crisis in the state assumes extremely dangerous proportions. The president is confident that nobody, including the Supreme Council, can oppose this decision, much less resort to artificial legal excuses to impose a veto.

Attempts to bar citizens from expressing their attitude to those in power proves the reluctance of a large number of deputies to know people's opinions and reckon with them.

At the same time, the president concedes that immediate removal of controversy over the implementation of the law on power would enable the parliament and the president to achieve constructive understanding and avoid a longer and more complicated way of reforming the state system.

Kuchma Defends Referendum; 'There Must Be One Master'

LD0206202495 Kiev UT-1 Television Network in Ukrainian 1800 GMT 2 Jun 95

[FBIS Translated Text] Ukrainian President Leonid Kuchma is touring Cherkassy region today. His two-day working visit will concentrate on the urgent problems of country life, the president told local journalists at the airport.

[Begin recording] [Kuchma] The aim is to work for the everyday joys of the future. We will be meeting chairmen of collective farms to talk about problems in the countryside and what is to be done immediately, what is to be done tomorrow, and what is to be done in the future. So many problems have piled up in the agricultural sector that I think everybody knows they cannot be solved in one day. But they have to be solved, despite the opposition that exists today. [passage indistinct]

[Unidentified correspondent] Another painful question. Recently you signed an edict calling a nationwide referendum on confidence in the president and the Supreme Council. Yesterday the Supreme Council imposed a veto on your decision. How do you think the situation will develop?

[Kuchma] You see how it is. One decides, the other vetoes. This is how we have been working with the Supreme Council all this time. The executive authorities adopt decisions, and instead of working out an appropriate legislative framework, the Supreme Council keeps discussing the government's decisions and cancels them, like yesterday.

I have nothing against sitting down at the negotiating table. But there must be one master of the house. When there are many, the house is a mess. If we do this in a constitutional way, and that means adopting the necessary laws, we must have a poll. Because we cannot go on like this. This is not merely a question of power. The question is which road we take, whether we go further along the road that the Supreme Council itself approved, or whether we shuffle from one foot to another or, God forbid, go back, which no one wants, apart from some forces in the Supreme Council. [end recording]

Straight after his arrival at the airport in Cherkassy, the president went to a meeting at the regional council with local council leaders and heads of agrarian enterprises. Kuchma is accompanied by First Deputy Prime Minister Petr Sablyuk, Yuriy Karasyk, minister of agriculture and food, and other officials. The meeting is expected to last for three hours, but as such meetings do, it may carry on longer. Tomorrow, the president will be touring the region.

Kuchma Appoints Head of Commission for Poll

LD0206213695 Kiev UNIAN in Ukrainian 1730 GMT 1 Jun 95

[FBIS Translated Text] Kiev. [no date as received] (UNIAN) — In accordance with the edict of the president "On Holding a Public Opinion Poll on Confidence of Citizens of Ukraine in the President of Ukraine and the Supreme Council of Ukraine," scheduled for 28 June, the ballots will contain the following questions:

"Do you have confidence in the president of Ukraine or the Supreme Council of Ukraine?"

The answers from which people may choose are:

"I have confidence in the president of Ukraine";
"I have confidence in the Supreme Council of Ukraine."

The decree establishes the following procedure of voting: If confidence is expressed in the president of Ukraine the words "I have confidence in the Supreme Council of Ukraine" are crossed out;

If confidence is expressed in the Supreme Council of Ukraine the words "I have confidence in the president of Ukraine" are crossed out.

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Ballots on which both or neither answers are crossed out will not be counted during the calculation of votes.

For ensuring preparation and holding of the public opinion poll the following commissions are being set up: a central commission, a commission of the Autonomous Republic of Crimea; regional, town, and district commissions in cities and towns, village and settlement commissions as well as district commissions for holding the public opinion poll in Ukriane. Mykola Khandurin, deputy minister of justice, is appointed the head of the central commission for holding a poll.

The Cabinet of Ministers is to finance the public opinion poll from the reserve fund of the Cabinet of Ministers.

Moroz Calls on Local Authorities To Boycott Referendum

LD0206165895 Kiev UNIAN in Ukrainian 1500 GMT 2 Jun 95

[FBIS Translated Text] Kiev — Oleksandr Moroz, the chairman of Ukraine's Supreme Council, warned heads of local government of their personal liability for failure to comply with the parliament's veto of President Leonid Kuchma's edict on a plebiscite of confidence. Moroz told a session of the Supreme Council today he will spell this out in a formal telegram to all heads of local executive bodies.

According to the parliament speaker, some local executives are carrying on with the preparations for the plebiscite despite the Supreme Council's resolution that ruled Kuchma's edict to be at odds with the Constitution and active legislation. "They may be following the orders of one official, but will be called to account before the law," Moroz said.

He will also request that the Prosecutor-General's Office supervise compliance with the parliament's resolution.

In response to some deputies' proposals to react to the presidential press service statement of today, stressing the validity of the edict, Moroz said that "parliamentary decisions need no comment," and that "the press service is not an office whose statements have to be noted by the Supreme Council."

The speaker said the parliament will favor a proposal from the president on a constitutional agreement, stressing that the head of state was entitled to priority hearing on the acts he proposed.

Ukrainian Nationalists Want New Parliament Elections

LD0206215295 Kiev UNIAN in Ukrainian 1500 GMT 2 Jun 95

[FBIS Translated Text] Kiev [no date as received] — The current Supreme Council has exhausted its potential and is virtually defunct, says a statement by the head office of the Congress of Ukrainian Nationalists circulated on 2 June.

The Congress of Ukrainian Nationalists believes that the Supreme Council should hold a legally binding referendum to determine whose policy, that of the president or the Supreme Council presidium, has the support of the Ukrainian people.

"The Congress of Ukrainian Nationalists believes it is necessary to step up the constitutional process, speed up the adoption of the Ukrainian Constitution, and revise the laws on political parties and elections in order to hold a new election to the Supreme Council in the spring of 1996," the statement says.

Alternative Solution Offered to Political Crisis

LD0206215995 Kiev UNIAR in Ukrainian 1850 GMT 1 Jun 95

[FBIS Translated Text] Kiev — The People's Movement of Ukraine [Rukh] has made public its statement on the edict of the president of Ukraine on scheduling for 28 June a nationwide poll of confidence in the president and the Supreme Council of Ukraine.

The People's Movement believes that not all ways of settling the crisis in Ukraine have been exhausted and a plebiscite with its possible negative consequences is not inevitable.

The People's Movement of Ukraine sees the following measures as a way out of the situation:

1. Immediate replacement of the communist-socialist leadership of the Supreme Council, which totally favors the preservation of the soviet system of power.

2. Concluding of a constitutional agreement between the Supreme Council and the president on the division of powers between the branches of power.

3. Fixing tight deadlines for completion of work on the new constitution of Ukraine with the objective of adopting it by the end of 1995.

4. Creation of a constituent — a constitutional assembly of legitimate representatives of people, first of all from the number of the deputies of the Supreme Council, who support the clear division of power into legislative,

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executive, and court power, which is envisaged by the Declaration of State Sovereignty of Ukraine.

5. After the Supreme Council adopts a constitutional agreement it should be proposed that the president annuls the edict on holding a plebiscite. This has been reported by "Rukh-pres."

Civil Congress Criticizes Referendum Proposal

LD0306142495 Moscow ITAR-TASS in English 1357 GMT 3 Jun 95

[By Lyudmila Gordeyeva]

[FBIS Transcribed Text] DONETSK, June 3 (ITAR-TASS) - The opposition Civil Congress of Ukraine party criticised President Leonid Kuchma's decision to hold a nation-wide referendum on June 28 as yet another "manoeuvre in political games."

"The protracted conflict between the president and the Supreme Soviet has led to a gridlock situation," the party said in a statement released on Saturday [3 June].

"In his 18-month-old struggle for new powers Leonid Kuchma has forgotten the old ones. The deputy corps divided by the president's law on power has neither time, nor strength to do anything else. Even the budget has been ignored. Its credit part has been calculated in accordance with new taxes, which, alas, do not work because there is no one who could provide a legislative basis for them. In addition, Ukraine has no government because the president, absorbed by his struggle for power, has no time to restructure it. The result is well known: enterprises have come to a halt, while budget revenues over the five months of 1995 have amounted to only 30 per cent of what was collected over the same period last year," the statement said.

"The words said by Kuchma during his struggle for the highest position may be applied today to the president himself and the parliament: 'The present power is dangerous for the Ukrainian state.'

"In this situation the only way out is to hold a normal referendum on confidence in both branches. The plebiscite proposed by the president is only a manoeuvre in political games. This is also true of the Constitutional Agreement between the president and the Supreme Soviet: backstage work with the deputies by the president's team is immoral and pursues a criminal goal — to replace the existing Constitution with a notorious law on power," the statement said.

"We believe that the Supreme Soviet should announce a referendum on confidence in itself and the president and add up three more questions from the recent Byelorussian referendum — on two state languages, on an economic union with Russia, and on the abolition of the existing symbols which cause allergy in the Ukrainian population," it said.

Referendum Commission Holds First Session

LD0306152995 Moscow ITAR-TASS in English 1522 GMT 3 Jun 95

[FBIS Transcribed Text] KIEV, June 3 (Itar-Tass) — Ukraine's central commission for a nation-wide referendum announced by President Leonid Kuchma held its first meeting in Kiev on Saturday [3 June].

The commission led by Nikolay Khandurin discussed issues connected with the organisation and conduct of the referendum on confidence in the president and the parliament scheduled for June 28.

The meeting approved the commission's statute — which has yet to be endorsed by the president — and the form and content of a ballot.

In his address to the nation on May 31, Kuchma announced his decision to hold a referendum on confidence in the president and the Supreme Soviet. On the following day, the parliament denounced the move as contradicting the Ukrainian Constitution and laws.

The lawmakers vetoed the president's decree on the referendum and prohibited the Ukrainian, Crimean and local governments from using budget or extra-budget funds to finance the referendum and other public opinion polls in 1995.

The legislators also urged the president to present the parliament with a draft constitutional agreement on the application of the law "On State Power and Local Self-Government in Ukraine."

"One adopts decision and another annuls them — this is how I would describe relations between the executive and legislative branches," Kuchma told journalists in Cherkassy on June 2.

"Instead of laying the foundation for reform, the Supreme Soviet all the time annuls the government's decision," he said while on a working trip to the Cherkassy region.

"If we fail to reach agreement through constitutional means, there will definitely be a poll. The question is much broader today: What road will Ukraine go — to continue reforms which, by the way, have been supported by the parliament, or mark time?

"I am not against sitting down at the negotiating table. But every home must have one host. Otherwise, there will be no order in that home," he said.

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A statement released by the Ukrainian government press service on June 2 said the president confirmed the validity of his decree and urged executive bodies of power, both central and local, to ensure its implementation in full and within the established period of time.

The president acts on the assumption that his decree corresponds to the Constitution and the applicable legislation of Ukraine and that the head of state has a right to appeal to the people at a time when the political crisis has assumed a dangerous character. The president is convinced that no one, including the Supreme Soviet, can contest this right, the statement said.

However, earlier today, the opposition Civil Congress of Ukraine party blasted President Kuchma's decision to hold the referendum as yet another "manoeuvre in political games."

"The protracted conflict between the president and the Supreme Soviet has led to a gridlock situation," the party said in a statement released on Saturday.

"In his 18-month-old struggle for new powers Leonid Kuchma has forgotten the old ones. The deputy corps divided by the president's law on power has neither time, nor strength to do anything else. Even the budget has been ignored. Its credit part has been calculated in accordance with new taxes, which, alas, do not work because there is no one who could provide a legislative basis for them. In addition, Ukraine has no government because the president, absorbed by his struggle for power, has no time to restructure it. The result is well known: Enterprises have come to a halt, while budget revenues over the five months of 1995 have amounted to only 30 per cent of what was collected over the same period last year," the statement said.

"The words said by Kuchma during his struggle for the highest position may be applied today to the president himself and the parliament: 'The present power is dangerous for the Ukrainian state.'

"In this situation the only way out is to hold a normal referendum on confidence in both branches. The plebiscite proposed by the president is only a manoeuvre in political games. This is also true of the Constitutional Agreement between the president and the Supreme Soviet: backstage work with the deputies by the president's team is immoral and pursues a criminal goal — to replace the existing Constitution with a notorious law on power," the statement said.

"We believe that the Supreme Soviet should announce a referendum on confidence in itself and the president and add up three more questions from the recent Byelorussian referendum — on two state languages, on an economic union with Russia, and on the abolition of the existing symbols which cause allergy in the Ukrainian population," it said.

Kuchma Blasts Council's Attempt 'To Take Control'

LD0306163595 Moscow INTERFAX in English 1622 GMT 3 Jun 95

[FBIS Transcribed Text] CHERKASSY, Ukraine, June 3 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma on Saturday [3 June] blasted an attempt by parliament to take full control of local government.

Commenting on a recent telegram that ordered local councils to listen to parliament alone, Kuchma told a news conference in Cherkassy he was "the only head of state and of the executive branch in Ukraine." "I don't care who is subordinate to who, I will be carrying out my duties," he stressed.

"I want parliament to realize that what it is doing are not its direct duties, legislative work. We must put an end to that," he said.

He reaffirmed his decision to hold a nationwide survey on confidence in him and parliament, because "there is no other solution." He said confrontation between the executive and legislative branches was something all countries had had and "Ukraine can't have avoided either."

Asked by INTERFAX-UKRAINE to comment on a recent parliament resolution which makes candidates to ministerial and Constitutional Court posts nominated by Kuchma subject to confirmation by the legislature, the president said this reflected rejection by the legislators of an opportunity to "cooperate with the president" and their refusal to enforce a recently passed law on government, under which appointment of a government is the president's prerogative.

But Kuchma said he would not give up looking for compromises with parliament.

Committee Makes Plans for Kuchma Resignation

LD0306222495 Kiev UNIAN in Ukrainian 0900 GMT 3 Jun 95

[FBIS Translated Text] Kiev — A scheduled sitting of the Organizational Committee for Early Termination of the Ukrainian President's Powers approved an action plan for the next four months, Oleksandr Luzan, deputy chairman of the Civic Congress of Ukraine [CCU] told UNIAN.

The committee plans to hold voters meetings in the regions in June and July, and register the electorate in

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August, so as to begin a signature-raising campaign in September for the president's resignation.

In accordance with the active legislation, a campaign initiative group must have at least 200 members who must collect 3 million citizens' signatures to propose legislation.

The Organizing Committee for Early Termination of the Ukrainian President's Powers includes representatives of the CCU, the Soyuz parliamentary association (20 deputies), the Association of Working Women, and the Republican Party of Crimea.

Reform Party Supports Kuchma's Referendum

LD0406090595 Kiev UNIAN in Ukrainian 1645 GMT 3 Jun 95

[FBIS Translated Text] Kiev — In a statement on 2 June, the Inter-Regional Bloc of Reforms party points out that a constitutional agreement between the president and progressive members of parliament would significantly speed up the process of overcoming the political and legal crisis.

At the same time, the party sees its task in ensuring that the poll among Ukraine's population on confidence in the president and the Supreme Council of Ukraine be conducted on 28 June. The Inter-Regional Bloc of Reforms party describes the poll as a forced step by the president toward finally settling "not a private conflict but a deep contradiction between various branches of power, which was laid down by Soviet legislation."

UNIAN has learned that Volodymyr Hrynyov, the party's chairman and the Ukrainian president's regional policy adviser, is planning to make a number of trips to the regions with the aim of popularizing President Leonid Kuchma's initiative to conduct the opinion poll.

Soskin Remains Active in Liberal Party

954F2411A Donetsk DONBASS in Russian 30 May 95 p 1

[Mikhail Yermakov report: "Rumors of a Split in the Liberal Party of Ukraine Are Exaggerated"]

[FBIS Translated Text] The Liberal Party of Ukraine has been gaining in importance as of late in the country's public life: It has been reinforced by hundreds of new members, mainly from the ranks of professionals, representatives of science, and entrepreneurs. The fact that as of today liberals have 20 of their representatives in the Supreme Council of Ukraine and, consequently, can really influence the decisions adopted by parliament testifies to their growing influence on the course of political events in the country.

But, as we have already learned from the news media, events occurred in May that were connected with the relatively delicate situation that had taken shape around O.I. Soskin, president of the Liberal Party of Ukraine, which enabled skeptics to maintain that there was in the camp of the liberals, if not a split, at least a crisis. The point being that the Donetsk regional organization, the republic's largest, incidentally, had expressed no confidence in its president after he had signed an appeal to L.D. Kuchma, in which he had suggested that the latter not go to Moscow for the celebration of the 50th victory anniversary. This testified to the fact that the president of the Liberal Party of Ukraine had swritched to center-right positions, which does not correspond to the ideology of liberalism. O.I. Soskin, to give him his due, voluntarily relinquished his authority as president. There was a meeting in Kiev on 19 May of the managing council, at which all the regional organizations were represented, and the resignation was accepted.

A news conference of the Donetsk regional organization of the Liberal Party of Ukraine was held in Donetsk recently; representatives of the news media were informed of the details of the meeting of the managerial council. S.M. Tokarev, vice president of the Donetsk regional organization, and entrepreneur B.I. Bronfman, who anchored the news conference, observed that, while having resigned the office of president, O.I. Soskin remained on the party's Political Council. In addition, it was possible that at the next, third, congress, which it is intended holding at the start of the present fall, he would once again lay claim to the post of president. Our fellow countryman V.L. Nakonechnyy was elected vice president for the period up to the next congress. A special commission for preparation of the rules, which will reflect the principle of proportional collective representation in the party leadership, has been formed. The question of the rules, as of a new version of the party program also, will be put to the congress.

In a word, there is as yet no reason to speak of any serious crisis in the Liberal Party of Ukraine.

OSCE Envoy Says His Statement Misunderstood

LD0206184095 Moscow INTERFAX in English 1712 GMT 2 Jun 95

[FBIS Transcribed Text] KIEV, June 2 (INTERFAX-UKRAINE) — Head of the OSCE Mission to Ukraine, Ambassador Andreas Kohlschuetter said that some media were likely to have misunderstood some provisions of his statement in the Crimean parliament on May 31 and had failed to report on the statement correctly.

Kohlschuetter said that when speaking of a reconciliatory body to which the Crimean parliament could apply

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in case of misunderstanding he had not called the body "superior" to the Ukrainian parliament. He said he meant some body different from the Ukrainian parliament.

He said the OSCE believed that the problems on dual citizenship raised by Crimea could be resolved not by granting dual or triple citizenship but by concluding concrete agreements between Ukraine and Russia (on pensions, studies, etc.).

Kohlschuetter said that the if he had really meant what the media had reported all Crimean newspapers would have published this in capital letters on the first page.

He said that when making the statement he proceeded from the recommendations of the rotatable in Locarno held in May with the participation of Ukrainian and Crimean representatives. "We said the same in Kiev and in Simferopol," he went on to say. Kohlschuetter said the OSCE mission was acting not as a mediator but as an observer.

Crimean Parliament Submits Constitution to Supreme Council

WS0506101795 Kiev INTELNEWS in English 2256 GMT 3 Jun 95

[Report by Oksana Hasiuk]

[FBIS Transcribed Text] Kiev, June 2 — First Deputy Speaker Oleksandr Tkachenko said Friday that the Crimean Parliament has submitted to the Ukrainian Parliament a draft of a new Crimean Constitution to replace the one annulled by the Ukrainian Parliament in March. The draft was adopted by the Crimean legislature May 31.

According to Tkachenko, the parliamentary legal committee and the temporary parliamentary committee on studying the political and legal situation in Crimea have to prepare their conclusions connected with the draft by June 6.

The situation has stabilized already thanks to the work of the temporary committee and Crimean deputies, Tkachenko said.

According to Volodymyr Klychnikov, Deputy Speaker of the Crimean Parliament, who also heads a Crimean deputy delegation that came in Kiev Thursday, said that the main disagreements of Ukrainian deputies would concern the articles of the draft that provide for internal Crimean citizenship.

"This provision is not a threat to Ukrainian territorial integrity," Klychnikov said. He also said disagreements can appear over the term "people of Crimea", which is used in the draft, and about Sevastopol's status. According to the law on the Autonomous Republic Crimea approved by the Ukrainian Parliament in March, Sevastopol is under national jurisdiction.

"I think Sevastopol should be subordinated to Crimean Autonomy," Klychnikov said.

The Ukrainian Parliament is scheduled to discuss the political and legal situation in Crimea on June 6.

Economic Issues

Deputy Views IMF Credit, Urges Slavic Union

WS0206123095 Donetsk DONETSKIY KRYAZH in Russian 19-25 May 95 pp 1, 3

[Interview with Ukrainian Supreme Council Deputy Yu. Boldyrev by Tamara Glotova; place and date not given: "Are They Trying To 'Hook' Us?"]

[FBIS Translated Text] [Glotova] The 1995 budget has been approved under the influence of the IMF. What does the IMF credit mean for us? How large is it, and who will receive it?

[Boldyrev] The IMF credit amounts to $1.5 billion and will be extended every three months. The entire amount will be provided in six installments. The government will receive it to pay for natural gas from Russia and Turkmenistan, as well as to support the exchange rate for our own currency. According to the recent agreement with Russia on gas shipments, we will have to pay only in hard currency. No barter settlements will be allowed. If Ukraine delays even one payment for gas, the agreement on debt restructuring becomes void immediately. The meter will start ticking, jacking up the fine.

[Glotova] Persistent rumor has it that the IMF credit will be extended in the form of goods and that someone, as always, will capitalize on it.

[Boldyrev] First, the IMF credit will be provided exclusively in the form of money. Second, it should be understood that you can deceive our law and our authorities, but you cannot deceive capitalists. As our bureaucrats' invention is unique, they might discover some way to steal this money, anyway. Let me repeat, however, that the IMF credit was allocated for a specific purpose — settling gas payments and supporting the karbovanets exchange rate. It has been agreed with Russia that all payments will be made in hard currency; in the case of Turkmenistan, we will pay for 40 percent of the gas in hard currency, with the rest covered by barter.

[Glotova] Why does the IMF demand that the deficit be set at 7.5 percent?

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[Boldyrev] The IMF is a financial organization whose goal is to receive profits. They will not give money for nothing. When the IMF gives you money, it expects to get it back. They have their own criteria.

The budget deficit limits leave no funds that could be invested in the national economy. To meet these requirements really means to slash our production even further — both industrial and agricultural. The IMF credit accounts for approximately 12 percent of the consolidated budget or 15 percent of the entire budget expenditures. This is approximately what we spend every month.

[Glotova] Why has Ukraine found itself in this predicament?

[Boldyrev] Because the concept of building an independent state has been devised without taking into consideration political and economic realities. It was assumed that Ukraine has enough potential to become a strong European state. Based on this concept, specific political moves were made. In reality, Ukraine could become an independent state after adopting the following concept: We are building the second strongest CIS state, after Russia.

What do we have now? A money-losing economy and the crisis. We have come to a point where we either have to stop paying for gas, and then millions of unemployed and hungry crowds will go out into the streets, or we continue to pay for Russian gas, keeping our industry working. You have to understand that until now, we have not been paying for the gas, and from now on, they will not allow us to do this.

[Glotova] But we did not receive the credit for free, either. The price was too high.

[Boldyrev] This credit is like another dose of drugs. If they gave us $20 billion for one year, this could make a substantial impact on our economy. But they offered only $1.5 billion. The IMF tells us where to funnel how much money and whom to pay, because it acts on behalf of creditor countries, and not recipient countries. The West is making room for its products on the market. The truth is that it is interested in setting up hazardous production here. There is only one solution — former Soviet Union states should unite on a new basis. Neither Russia nor Ukraine have a future without this. Russia can become China without Ukraine, while Ukraine has already become a banana republic without Russia. Everyone understands it. We are now going through a period of feudal division, where the interests of a prince dominate the national ones. The camarilla that is now crowding the Supreme Council, the presidential administration, the government in Kiev, and the "White House" in Moscow consists of new faces. These people have just elbowed their way to power. To think about national interests, you have to identify yourself with your country. This is typical for a monarch, because he was born as a monarch and will die as a monarch, and his children will be monarchs, too. A monarch can eat stale bread for the sake of his country. Accidental people in power, who come and go, are not capable of pursuing long-term policies.

[Glotova] A question about long-term policies. The Supreme Council has just dismissed another government. In the parliament's lobbies, this resignation was called a spectacle.

[Boldyrev] Our commission has been dealing with the budget issue for more than three months now. We worked hard, 12 hours a day, with the government. The commission members have been away from their homes and electoral districts for a long time. It is an extremely difficult task to coordinate the interests of 27 entities, the government, the president, 60 industries — a total of 100 mutually incompatible interests. Everyone comes here and says: Give us [money]. We ask: From whom should we take it? They reply: It is not our business. And you are not supposed to upset anyone. Some of the requests are sometimes just absurd. Those who lack their own income want to receive something at the expense of others. Those who do have some income believe that they are not supposed to share it with others, as they are half-starving ourselves. Agriculturalists demand that money be invested in agriculture. Military men warn that if you do not give them money, there will be no one to guard weapon depots, and all of them will be plundered. The police say that if they do not receive decent pay, they will not serve the state.

[Glotova] And they are right.

[Boldyrev] Yes, they are. But there is no money. Worse, we have to introduce harsh limits on the budget thrust upon us by the IMF. Finally, when we have coordinated everything with the Cabinet of Ministers, all of a sudden, a proposal is submitted about its resignation, and it is pitched as our commission's proposal. The speaker did not even let Azarov, head of the budget commission, take the floor to explain that our commission never proposed the government's resignation. The fact that we made it resign means that both the budget and the economic policy need to be changed. This resignation was not necessary. No government is capable of receiving gas from Russia for free or persuading the West to give it $20-30 billion per year. It is all political games.

[Glotova] Who orchestrated this spectacle?

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[Boldyrev] Many masters. The president needs to change the prime minister. Every faction and party wants to ensure a seat in the government for their people. These are minor things, though. We have two options: Either we fall into dependence on the West for good, or unite into a single east Slavic system. In the long-run, there is only one path — unification with Russia and Belarus. The tragedy is, however, that no one has the courage to make this decision!

[Glotova] Many moves depend on who will head the government and who will become its members. Who do you think can head the Cabinet of Ministers?

[Boldyrev] It is the president who will propose a candidate for prime minister. The choice is not all that great. It is [acting Prime Minister] Marchuk and Pustovoytenko. If the Law on Power is adopted in the form proposed by the conciliatory commission, the president will be able to appoint the prime minister on his own. It is very probable that Pynzenyk will be selected for this position. In this case, it will be clear where we are headed — the IMF gave its credit with, as they say, Pynzenyk in mind.

Deputy Minister Pryadko on Economic Problems

WS0206143095 Kiev VECHIRNIY KYYIV in Ukrainian 30 May 95 p 2

[Interview with Volodymyr Pryadko, deputy minister for economic issues of the Ministry of Machine-Building, Military-Industrial Complex, and Conversion, by Yevhen Holibardov; place and date not given: "We Must Wait for Better Times" — first and last paragraphs are KIYEVSKIYE VEDOMOSTI introduction and editorial note, respectively]

[FBIS Translated Text] We must wait for better times — this is what Volodymyr Pryadko, deputy minister for economic issues of the Ministry of Machine-Building, Military-Industrial Complex, and Conversion, told our newspaper in an interview conducted by Yevhen Holibardov.

[Holibardov] As you know, the headquarters of your industry — the Ukrainian Machine-Building Ministry — is probably the only ministry with a deputy minister for economic issues. Please tell us about the scope of your official responsibilities and interests.

[Pryadko] This scope is extremely large, including restructuring, market transformation, destatization and privatization (in our industry, only 144 enterprises are not subject to privatization), the financing of industry development programs, etc. The most important task is to ensure the financial support and stabilization of production.

[Holibardov] A question about the stabilization of production. Are you, as a professional, satisfied with the present economic situation in the production sphere?

[Pryadko] I am not satisfied with the economic situation that has taken shape in our state and branch, particularly in the field of management. Our ministry is left today without powers to manage the corporatized [korporatyzovani] and privatized enterprises. We cannot agree with the present procedure for financing enterprises — in particular, with the process of clearing up finances [sanatsiya] (state support at the expense of the national budget). For example, some of our enterprises were protected by business plans for their development. For this purpose, we requested about 12 trillion karbovantsi [K] from the state, of which only K2.3 trillion were allocated.

[Holibardov] The state pocket, from which everyone wants to receive financing, will not be replenished before enterprises start to generate profits. For this to happen, however, the present flawed economic management methods need to be replaced by improved ones. Do you have any idea as to what this new economic order in the production sphere should be? What are you personally ready to do to get enterprises back on their feet?

[Pryadko] You know that there are many experts and scientists working on this problem, and they have not yet found any solution as to how to cope with the crisis. I personally believe that to increase our budget revenues, we have to relieve the tax burden laid on manufacturers.

[Holibardov] What do you think should be done to put an end to this nonsense in a simple, efficient, and fair manner?

[Pryadko] First, to slash the income tax; second, to cancel mandatory sales of hard currency profits generated by enterprises; and third, the state should introduce protectionist policies regarding domestic products and their manufacturers.

[Holibardov] Are you saying that you want to reduce the income tax and curtail imports?

[Pryadko] We have to lower taxes on our traditional products to prevent them from falling into the critical imports category.

[Holibardov] What is your attitude toward creating financial-industrial groups (FPH)? Is it a brand-new cure-all? I may put it very harshly, but the average newspaper reader associates these groups with another attempt to sell us out, establishing colonial facilities on our territory that would operate thanks not only to investments of foreign owners, but also thanks to our hired labor.

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[Pryadko] Generally speaking, a combination of industrial production and financial capital is a cure-all. I can also state that the certificate privatization presents us with is an opportunity to become owners, but it does not help industrial enterprises cope with the crisis. The enterprises are in desperate need of investments, while asset certificates are not investments. They only disperse assets. This is why the creation of multinational FPH's can give our economy a chance of getting out of the crisis. I support this idea in its present form.

[Holibardov] For quite a while, you have been Chief Privatizer — or, to put it better, the Chief Destatizator — in our state. To put it mildly, people did not massively take advantage of privatization, and few of them receive their own certificates — even though it is not the main problem. Is it not because people do not see real changes, and therefore, do not believe [they will occur at all] and are just waiting? After all, transition from a centrally managed economy to a market one does not imply privatization alone...

[Pryadko] Over the past three years, while handling privatization issues, I learned about several reasons why it failed. The reform process should be sweeping and systematic. Separate monetary measures, to which some people resort to support the value of our national currency by reducing production, can only deplete the budget.

[Holibardov] As is known, there is macroeconomics (it is handled approximately by one million citizens) and microeconomics affecting 51 million people that will come to their enterprises and create the national wealth. Conducting reconstruction is not so much about transforming the life of that one million as it is about providing the 51 million with most favorable conditions for pursuing their own interests. Do you think that our people are capable of coping with the crisis on their own or, do you think this will only be possible with the help of some foreign investments?

[Pryadko] Yes, they are capable, but investments will be necessary, anyway. We are studying all these issues at the level of enterprises; in particular, influence of the legislation basis on economic performance figures.

[Holibardov] So, what are people at enterprises supposed to do now?

[Pryadko] Positive changes at enterprises will be achieved after the Supreme Council alters the legislative basis, especially its crediting policy. Enterprises will start working then.

[Holibardov] Does this mean that with the current legislation, people can only sit and wait for better times?

[Pryadko] What else can we do?..

Commentary by the [VECHIRNIY KYYIV] Economic Section

What is there to comment on? Grateful to Mr. Pryadko for his interview as we are, we have to state that in spite of all our efforts, he failed to give a clear reply to a simple question: What should be reformed and how? Instead, we received a good Soviet-style piece of advice: "Sit and wait until the leaders tell you what to do." To all appearances, the ministry overseeing Ukraine's largest industry, which is supposed to create one-third of the GDP, does not yet have any anti-crisis plan or a particular flair for conducting reform-oriented policies. In any case, the Ukrainian Machine-Building Ministry is busy with just observing examples of legal nonsense, instead of stabilizing the production sphere. This is why our paper intends to continue its contacts with leading economic officials to spread and implement specific reformist proposals. Because we, the newspaper VECHIRNIY KYYIV, do have an idea about what these new economic orders should be. As a matter of fact, those who read our paper on a regular basis know this very well.

P.S. When the present article was about to go to print, we loyally presented Mr. Pryadko with its contents over the phone, discussing in great detail our use of the recorded material. However, after he heard that the interview would be followed by [our] economic section's commentary, the deputy minister got upset and expressed his discontent in harsh terms. After an additional review of the material, and considering the significance of the economic management issues, we saw no reasons for not running it. Now, readers should have their say.

Possible Options for Introducing Hryvnya Noted

WS0206113095 Kiev KIYEVSKIYE VEDOMOSTI in Russian 30 May 95 p 4

[Report by Sergey Sokolovskiy, Irina Titova, and Aleksandr Shtolko: "There Is Only One Road Toward the Hryvnya — Through Confiscation" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] Viktor Yushchenko, chairman of the Ukrainian National Bank Board, was the first to state publicly that there is an opportunity to introduce the hryvnya and to announce its approximate date — the third quarter of this year. The answer from Ukrainian top officials was received immediately: It is up to the executive branch — not the Ukrainian National Bank [NBU] — to resolve this issue. In addition, a state commission has not yet adopted a decision regarding

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both the date for launching the monetary reform and its character. The central bank has neither confirmed nor dismissed reports stating that the NBU has submitted its substantiation and recommendations for introducing the hryvnya to the government. Vadim Hetman, chairman of the Stock Exchange Committee in the Ukrainian Interbank Currency Exchange, has added fuel to the fire. He told BBC during his visit to London: "We will introduce the hryvnya in July-August." We remember President Leonid Kravchuk's promises to implement monetary reform through nonconfiscatory means and they have been recently confirmed by Deputy Prime Minister Vyktor Pynzenyk. Let us recall our authorities' promises to report about the date for introducing the hryvnya no later than 90 days in advance. Meanwhile, our authorities are silent and things have taken a turn for the worse.

Viktor Suslov, chairman of the Supreme Council Commission for Finances and Banking Activities, stated the following last week: There are fewer and fewer opportunities for implementing mild, nonconfiscatory monetary reform in Ukraine. At the same time, he admitted that — as of today — nonconfiscatory monetary reform is practically impossible, because the imbalance in the financial sector has reached a critical level. In addition, there is no answer to the most important question: What will happen after reform? Reform, however, is not an aim in itself. A simple redenomination of money will not lead to any results. Ukraine has not yet specified its strategic concepts to date. It is impossible to demand that the dismissed government resolve this issue, because this is the task for a new government that has not yet been formed. Ukrainian Banking Association Chairman Oleksandr Sugonyako hopes that the hryvnya will be introduced in a civilized way. There are, however, two extremely alarming tendencies. The first is as follows: Since 1992, for three years running, Ukraine has had a stable 25 percent budget deficit, based on results of the budget's performance. Even though rays of hope emerged that 1995 would see a break to this evil tradition, the drop in production is too great. The second tendency: It is the sixth time in a row, when attempts are launched to resolve the crisis in nonpayments by printing money instead of implementing genuine reform. As of 1 March, the total debts of enterprises amounted to $6 billion. It is wrong to link the drop in production directly with the introduction of the hryvnya. The experience of Baltic states shows that a stable monetary unit can also exist in view of a reduction in production. The problem lies in the faith in the national monetary unit; the karbovanets, however, does not enjoy such faith. The hryvnya, however, could win such faith. However, if monetary reform is conducted through confiscation, faith could be exhausted in advance. This is IMF representative Aleks Sundakov's opinion on the issue.

Occasional leaks of information from the top echelons of power also show that our authorities have not yet specified the nature of monetary reform. For example, whether or not to legalize shadow capital. There are quite a few supporters of "amnesty" for shadow dealers. With time, however, the following demands are louder and louder: When the hryvnya is introduced, income statements should be collected. Rumors were spread in the spring (and not without reason) that a decision to block currency accounts of both natural and legal persons with a forced conversion into karbovantsi has been drafted. Even highly qualified experts at the level of presidential advisers now insist on expanding the dollar market in Ukraine to later "...introduce the hryvnya in one night, and everyone will rush to exchange dollars." Too great a temptation. According to various estimates, the people amassed a total of between $8 and $18 billion in their hands by the end of the last year! Considering the overall dollarization of the country, the relevant figures could now be higher. Is it not a reason for giving a hostile reception to NBU's efforts to ban the circulation of convertible currency on Ukrainian territory?

NBU Board Deputy Chairman Oleksandr Kyreev thinks it is an illusion. The authority of the dollar — as a monetary currency — was not established over a decade. New currency always implies risk and problems. Everyone now refers to the Estonian kroon — as an example of this case — which is proud of its easy domestic convertibility. No foreign bank, however, quotes exchange rates for the Estonian kroon. In addition, if conditions now emerge and the NBU implements measures to stabilize the existing currency, rumors about the hryvnya will become low-priority issues. Monetary reform faces, first of all, the implementation of conditions for liberalizing the economy and the financial system; second, the expansion of demand for the karbovanets that can be achieved only through the expansion of this demand on the currency market. In addition, the purely administrative removal of other currencies is also envisaged.

One of the conditions for introducing the hryvnya is the availability of gold and currency reserves in the state. Judging from everything, a decision has not yet been reached as to with which currency the hryvnya should be tied. Most likely, it will be tied to the state gold and currency reserves, the value of which should total no less than $2 billion. According to unverified reports — which, however, have the right to exist — the NBU begins to actively purchase gold from the people, though, at higher prices than those on the "black" market. There is also another opinion.

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Rumors about the hryvnya "are spread" for the third time in a row in the summer, because commercial banks require sizable amounts of karbovantsi during annual summer vacations. The fact that the NBU has recently published a million-karbovantsi banknote has also triggered alertness regarding the announced date for reform. Therefore, observers have reached a conclusion that the date for introducing the hryvnya has been postponed. At the same time, small-denomination money has practically disappeared from circulation! According to a private statement by a top NBU official, "it is much cheaper to introduce the hryvnya for us than to spend money printing more of the current karbovantsi banknotes."

It is interesting that experts state the following: The Polish option — when two national currencies (the old and new zloty) are in parallel circulation over a long period of time — does not suit us either way. So, relevantly, the monetary reform itself will be of a confiscatory, withdrawing nature. If even one supposes that the hryvnya and the karbovanets will coexist, this coexistence will not last for a long period of time, for some two or three months (there are rumors that this term has been specified approximately, "by eye," to pacify public opinion). The portion of unused money will be withdrawn later. So, according to economists, this option meets our exact conditions. Of course, an interesting situation has emerged. It is wrong both to introduce the hryvnya under current economic conditions and not to do so. Experts from the "Kalina" and "Financial Risks" MP [expansion unknown] have calculated two potential options for introducing the hryvnya. Of course, the government will not forget about its "own" problems in any case. If otherwise, reform makes no sense.

The "A" Scenario. Simultaneous Exchange of the Karbovanets for the Hryvnya

The exchange of the noncash karbovanets for the hryvnya is carried out in the full volume according to the fixed exchange rate; the exchange of the cash karbovanets for the hryvnya is carried out in the full volume — according to the fixed exchange rate — only in the legal economy; the remaining amount of cash karbovantsi — the so-called "bound money" [svyazannyye dengi] of the illegal economy — is exchanged at the "black market" rate; the amount of hryvnyas saved due to "illegal karbovantsi" is used to cover the budget deficit.

The "B" Scenario. Parallel Circulation of the Karbovanets and the Hryvnya

Printing money and stock exchange mechanisms devalue the karbovanets; after devaluation, the devalued karbovanets is purchased at a low rate and this makes it possible for the government to settle its obligations — including their budgetary obligations — to a maximum degree. The implementation of this approach in Russia has led to the events called "black Tuesday."

Experts on National Currency, Ban on Dollar

WS0206121595 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 26 May 95 p 5

[Report by Mykhaylo Romantsov: "The Dollar Does Not Like Petty Intrigues"]

[FBIS Translated Text] The second attack on hard currency has been scheduled for this summer and fall. The February attempts by the National Bank of Ukraine [NBU] to withdraw the dollar from circulation, as is known, failed. A NBU resolution on the reregistration of licenses authorizing trade transactions with foreign currencies, effective as of 15 May — after which no more than 500 licenses were to remain — met with the unreadiness of the NBU itself. Now we have subsequent news: The NBU intends to impose a ban, effective as of 20 June, on selling goods and services to Ukrainian citizens for foreign currency, preserving only clearing operations, while commercial banks will be prohibited from depositing the above-mentioned foreign currency — obtained for goods and services sold in Ukraine — in current accounts.

This, however, is more akin to preparing artillery before a decisive assault, rather than the assault itself. We have learned from well-informed sources that the introduction of the hryvnya will be preceded by a subsequent presidential edict on currency regulation, which is just being prepared and is of an even more rigorous nature with respect to foreign currencies. Time will tell whether President Kuchma will sign this document, and in which form. Meanwhile, we have asked trustworthy analysts to predict the consequences of such a ban.

Volodymyr Lanovyy, president of the Center of Market Reforms and one of the leaders of the "Reforms" parliamentary faction:

"If banks and other legal persons are prohibited from accumulating convertible currencies, the dollar will retreat into the 'shadows,' and its price will immediately soar. As for our national monetary unit — be it the karbovanets or the hryvnya — after losing its hard currency security, will devalue at a rate faster than that of the current inflation. In addition, the exchange rate of

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convertible currencies in cash differs very much from the official exchange rate in clearing operations. A ban on the accumulation of foreign currencies will induce a shortage of noncash dollars and make people deposit their convertible currencies abroad to avoid their sale at home.

"As for the ban [on selling goods and services in exchange for foreign currency], it will trigger an increase in prices for imported goods that are being bought for karbovantsi, and increase turnover expenses due to the need for converting [karbovantsi] into foreign currencies. Consequently, prices in karbovantsi will become higher than those in convertible foreign currencies for the same commodities on the black market or in shadow economic turnover. Therefore, our holders of hard currencies will turn to the black market for services. In this way, the ban will stimulate illegal operations and suppress legal ones, as well as create, to a certain degree, a shortage of consumer goods, thus recalling the times of socialism. As a result, Ukrainian consumers will suffer."

Volodymyr Chernyak, doctor of economic sciences and a professor:

"I am a staunch supporter of the idea of withdrawing foreign currencies from circulation. Under one condition, however, that our national currency will be hard, stable, and reliable; that both domestic and foreign investors, entrepreneurs, and businessmen will have confidence in our currency. Otherwise, there is danger that the hryvnya will be discredited, as was the case with the karbovanets. The introduction of the hryvnya in itself may be a stabilizing factor for only a very short period of time. In general, the circulation of the dollar in an economy is disastrous for a weak national currency. However, a sharp transition from the formidable dollar circulation to its complete rejection may ruin this economic sector, currently the most flexible and mobile one (as of the beginning of 1995, nearly 50 percent of transactions in Ukraine were settled in convertible currencies).

Regarding the 'suppression' of the dollar on the eve of the introduction of the hryvnya.... I have not heard anything about which model of monetary reform will be introduced in Ukraine, and this means that such a model has not yet been chosen. Models may be different, including both Estonian and Czech options, where the national currencies were 'pegged' to the German mark and the dollar respectively. There are no simple solutions when it comes to economics; you have to look before you leap."

Anatoliy Drobyazko, director of the "Kalina" information and analytical company:

"Money is an equivalent of value, a means of payment, and a store of wealth. Can the karbovanets be a store of wealth today? No. Until recently, buying real estate could perform the function of storing wealth to a certain degree, but today transactions in real estate have become very risky. Can the circulation of foreign currencies be halted by even the most restrictive edict? No. Thus, one has to proceed from these realities. What will a ban on the circulation of hard currency bring about? A sharp increase in the black-market value of convertible currencies banished from official circulation and a further worsening of the investment climate in Ukraine, which has become unfavorable even without such a ban. Overall, unless we improve the economic condition of the state (which is bankrupt today), all this fuss about hard currency regulation will be nothing more than petty intrigues. Any restrictive policy in this sphere will have negative consequences. If we follow the path of Russia — where hard currency is prohibited from use in transactions, but can be bought on every street corner — there will be no fundamental changes: Convertible currencies will preserve the legal status of a store of wealth, while the karbovanets will be a means for internal payments. In any case, I hope that Article 70 of the USSR Criminal Code, which mandated 15 years in jail for possessing $150 in cash, will not be reintroduced."

Ihor Sotulenko, general director of the Mazda Motors Ukraine company:

"Theoretically, a ban on the circulation of hard currencies may be justified, as a step toward a normal state. As to practical readiness for such a step on the part of our economy, this is another matter. Russia's experience testifies to the fact that a ban on foreign currency transactions cannot be a stabilizing factor, even if it is supported by a two-year period of preparations and the availability of a sizable stabilization fund in convertible currencies. Besides, it is impossible to impose a ban on something profitable to people: The circulation of convertible currencies in Russia's shadow economy is continuing.

"A mechanical switch to the hryvnya, if it is accompanied by a ban on the circulation of convertible currencies, will automatically generate an increase in prices for export commodities. In this case, VAT will be levied two times — when commodities cross the state border and after they are sold. Prices, even if compared to those in our closest neighbors, will soar, and this will painfully hit the Ukrainian commodity market, which is not very abundant anyway."

As a result, it is possible to draw the following conclusion: Serious experts, while in principle supporting

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the monopoly right of the national currency to serve all spheres of our domestic market, see numerous underwater reefs on the course of monetary reform. For the time being, our state has neither the necessary hard currency and gold reserves, nor a stabilization fund for the hryvnya (the discussion on its creation has been initiated only recently), or a stable economy capable of ensuring the stability of Ukraine's currency. As for the dollar, it remains the dollar even in Africa: It is impossible to abolish or put a ban on the dollar in an administrative way, as long as one is unable to find an adequate substitute for it.

Crimean Ministry Views Financial Crisis

954F2391A Simferopol KRYMSKAYA GAZETA in Russian 25 May 95 p 1

[Report on interview with Vilord Fridrikhovich Apananskiy, minister of Finance of Crimea, by S. Genin; place and date not given; under the rubric "Topical Interview": "We Are Deep In Debt"]

[FBIS Translated Text] As we know, the number of hypotheses explaining any phenomenon is inversely proportional to the amount of knowledge there is about it. Take, for example, the financial crisis. So many viewpoints have been expressed regarding its causes! But in the truly immense spectrum of judgments concerning this subject perhaps one hears most frequently the motif that the country is being robbed and capital is leaking out to go abroad. Well, it would hardly be reasonable to deny the existence of this phenomenon. But is the scale of the outflow really as striking as rumors describe it, since there are a number of other factors that affect the condition of the state "coffers" in a much more significant way? What are they? This question is answered by the minister of finance of Crimea, Vilord Fridrikhovich Apananskiy.

[Apananskiy] I am not the only one being asked this question. There is perhaps not a single state on the territory of the former Soviet Union where the thought has not been voiced: Why are we not swimming in money if the costs of maintaining the military-industrial complex have decreased so sharply, the river of financial aid to developing countries has run dry, and the party administrative staff, which in olden times was not averse to sticking its hand in the state pocket, has been abolished? And still there is not enough money. The reasons for this are the same for all countries of the Commonwealth, although, it would seem, each region has its own specifics. The existence of the shadow economy is only one of the constituent parts of the monetary-financial crisis, and far from the major one. The essence of the problem is that the transition period from a command-distributive economy to a market-driven one is fraught with expenses, mistakes, and objective difficulties. The general decline of production and the drastic reduction of its volumes have reduced revenues into the treasury, which could not but lead to a budget deficit. Do you need examples? Let us just look at how the budget of Crimea has been executed during the first quarter of this year.

Tax revenues into the budget of Crimea have been determined by the overall economic situation that has developed in the republic. Its signs are the same: the continuing decline of production, the growing inflationary processes, and nonpayments in the national economy. During the first quarter 7.5 trillion karbovantsy in revenues went into the budget system. Compared to the first quarter of 1994 the receipt of incomes on the whole increased sixfold, and compared to the fourth quarter—only 30 percent, as against the 75 percent set by the Ministry of Economics of Ukraine. The undercollection of revenues amounted to 2.6 trillion karbovantsy. The main revenue sources were the profit tax, the value added tax, and the income tax from citizens. Considerably below the projections for budget revenues were taxes and fees calculated depending on the minimum wage and also payment for water—6.6 percent. But one must remember that the law of Ukraine "On the State Budget of Ukraine for 1995" envisioned the collection of the aforementioned taxes envisioning an untaxed minimum—1,400 karbovantsy at the present time, that is, with a 23.3-fold increase. The Cabinet of Ministers also adopted a normative act to increase the rate of payment for water 15-fold effective 1 February.

The situation with mobilization of land payments into the budget is unsatisfactory. According to preliminary calculations, during the first quarter 1.4 trillion karbovantsy was to have gone into the budget. Actually only 476.7 billion karbovantsy was transferred. The situation is most difficult in Kerch, Feodosiya, Yevpatoriya, and Chernomorskiy and Leninskiy Rayons.

A negative effect on the execution of the budget with respect to revenues was exerted by nonpayments in the national economy, which led to the formation of indebtedness of enterprises and organizations to the budget for the first quarter in an amount of 308.4 billion karbovantsy.

Payment discipline is not at the proper level. Ten percent of the registered enterprises violated the established deadlines for payment of taxes to the budget, and every fifth one of these did not submit payment instructions in time, including when every tenth one which had funds in its working account.

An excellent illustration of the influence of economics on politics is the fact that because of the dragging out

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of the process of privatization of state-owned facilities in Crimea the budget failed to receive more than a 1.5 billion karbovantsy in revenues.

The abolition of the value added tax on imports had a negative effect on the revenue side of the budget. The direct losses of payments into the budget during January-February of this year amounted to more than 180 billion karbovantsy. The proposed compensation for these losses through increasing the tax on profit from the sale of imported goods never occurred, because with the abolition of the value added tax on imports, the factors contributing to its increase never took effect.

The absence of income from customs duties decreased the revenue side of the republic budget by 190 billion karbovantsy during the first quarter.

It is a reasonable question: What to do? What with the chronic shortage of tax revenues, when the edict of the president of Ukraine "On Regulation of Barter (Commodity Exchange) Transactions in the Area of Foreign Economic Activity" has not yet taken effect, it is necessary to resolve the problem of the use of barter, which is contributing to the lowering of the tax base and the shortage of payments into the budget. In order to partially compensate for these losses it is necessary to introduce a barter tax, if only in the amount of 3 percent. The existence of such a tax in the first quarter would have added 50 billion karbovantsy to the revenue side of the budget.

The fact that budget funds were so limited this year created a serious problem for the execution of the budget with respect to expenditures. The revenues received made it possible to finance only 60 percent of the minimum needs. There were allocations only for immediate needs.

Financing the network of social and cultural institutions is especially difficult under these conditions. In the first quarter alone 4.2 trillion karbovantsy was spent to finance it. At the same time, as of 1 April indebtedness to budget institutions amounted to a total of 1.85 trillion karbovantsy.

During the course of the quarter, because of the shortage of funds wages were not paid to workers of sociocultural institutions on time. By the beginning of April the sum of unpaid wages amounted to 170 billion karbovantsy.

In order to render assistance to city and rayon executive committees in financing priority expenditures, loans were granted for an grand total of 1 trillion karbovantsy.

With the insufficiency of financial funds, the task of more effective utilization of existing resources becomes especially crucial. But frequently the funds are tied up in accounts receivable for extended periods of time and expenditures are financed without taking assigned allocations into account. Thus the Ministry of Health of Crimea in 1994, with allocations allotted for maintaining treatment institutions, assigned another 205 billion karbovantsy for centralized acquisition of equipment, which led to indebtedness for the institution as a whole at the end of the year of 102 billion karbovantsy. Moreover, 14 passenger cars were acquired, some of which were unjustifiably transferred to organizations not supported by the budget, such as the Farmatsia production association, the medical institute, and work-training shops. In a number of cases expenditures were made which should not properly come out of the republic budget: payment for the service of physicians at recreation bases during training, broadcasting a musical program for Medical Workers Day, and equipment of offices in the medical institute. The Ministry of Education, without having the appropriate funds, used 367 million karbovantsy for installing telecommunications services, 180 million karbovantsy for acquiring a motor vehicle for the House of Artistic and Technical Creativity, and 262 million karbovantsy for gasoline. In compliance with the labor agreement, 235 million karbovantsy were paid for doing preliminary work for creating a program for the development of education in the Republic of Crimea while the Center for Problems of Education, which is supposed to handle this activity, was functioning.

The period of economic crisis irreversibly reduces the real incomes of most of the population, and social protection takes the form of nonreimbursable assistance. The overall total of allocations for social protection of the population amounted to 1.5 trillion karbovantsy, or 19 percent of all expenditures. From these funds, 128 billion karbovantsy was spent to render state aid to families with children, compensations amounting to 624 million karbovantsy were paid to rehabilitated citizens, and subsidies to low-income citizens for bread and milk amounted to 178.5 billion karbovantsy.

At the same time, because of the shortage of funds in the local budgets, as of 1 April the remaining indebtedness on payment of compensation to families with children amounted to 119 billion karbovantsy.

A considerable share of the budget is taken up by costs of housing and municipal services. During the first quarter, because of the sharp increase in the cost of maintaining the housing supply and the growth of subsidies from the budget for covering the difference in the rates for heating and hot water supply for residential buildings, the share of budget allocations in the overall costs of housing operations organizations reached 80 percent.

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Because of the establishment of preferential rates for the population for heating housing and for acquiring fuel, the Krymteplokommunenergy joint-stock company received 522 billion karbovantsy (the cost of heating 1 square meter per month amounted to 37,000 karbovantsy and the going rate for the population was 8,900 karbovantsy per square meter).

Funds from the republic budget were used to make compensatory payments to the Krymtoplivo association for coal sold to the population for a total of 150 billion karbovantsy, which made it possible for citizens to acquire 50,400 tonnes of coal at an average retail price of 3 million karbovantsy per tonne instead of 8 million karbovantsy.

According to the results of the first quarter, in order to provide for continuous operation of automotive and electric passenger transportation and grant benefits to 28 different categories of passengers, 167 billion and 100 billion karbovantsy were allotted from the republic budget to the Krymavtotrans TPO [expansion not indicated] and the Krymtrolleybus GPP [expansion not indicated], respectively.

In spite of the repeated raising of the rates for travel on passenger transportation, the share of actual revenues of transport organizations in the overall volume of financing is constantly decreasing because of the more rapid growth of transportation costs. During the first quarter more than 70 percent of the costs of passenger transportation was financed through the budget. For each passenger traveling on city transportation, the budget adds 5,000 karbovantsy.

For financing state capital investments, 231 billion karbovantsy was allotted, used mainly to repay the debt for work done in 1994.

For measures for stabilization of the socioeconomic situation in Crimea, 586 karbovantsy was spent, including for:

—construction of primary facilities of the Solnechnogorsk water reservoir—20 billion karbovantsy;
—completion of the construction of purification facilities in Simferopol, Saki, Staryy Krym, Bakhchisaray, and Kerch—90 billion karbovantsy;
—acquisition of specialized transportation—160 billion karbovantsy;
—completion of the construction of the complex of water management facilities for moving water from the Vilinskiy water intake to the Zagorsk hydraulic complex—300 billion karbovantsy.

A certain amount of work has been done to render assistance to the agro-industrial complex. The kolkhozes and sovkhozes of the republic during the first quarter were granted preferential budget loans from the republic budget amounting to a total of 135 billion karbovantsy for conducting the planting campaign. Some 114.3 billion karbovantsy was allotted for irrigating agricultural land, which was 10 percent of the overall cost.

During the first quarter the kolkhozes and sovkhozes were fully reimbursed for sending students to rural schools—for a total of 2.7958 billion karbovantsy.

In order to provide budget institutions and the population with fruit and vegetables and other food products, preferential loans were granted from the republic budget:

—47 billion karbovantsy to fruit and vegetable combines for the purchase potatoes;
—60 billion karbovantsy to the Krymelevatorzernoprodukt production association for the purchase of grain products;
—8 billion karbovantsy to Krymmyasomoltorg for the purchase of butter.

In spite of the limits on budget allocations, funds amounting to 1.2 billion karbovantsy were found for:

—celebrating the first anniversary of fire protection in Ukraine and incentives for fire protection personnel;
—bonuses for the individuals working directly on the assignment for diverting water from the Alma River into the Izobilnenskoye water reservoir;
—incentives for certain individuals who participated in the recruitment of young people into the Armed Forces of Ukraine in 1994;
—measures related to the second anniversary of the law "On Civil Defense of Ukraine."

The financing of costs of maintaining state organs was kept within the minimum needs.

Such, in brief, is the picture with respect to the execution of the budget. Taking into account the shortage of funds for financing budget expenditures, the ministry has developed and submitted to the government measures envisioning reinforcement of the revenue base of the budget and the implementation of the financial policy in the utilization of budget funds.

A reform of the tax system is needed in order for the large network of small trading points to realistically produce a return without falling outside the general "tax space." Then the budget will begin to be supplemented more actively. And this is extremely necessary to all of us.

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Miners Begin New Round of Talks With Kiev

954F2412A Donetsk DONBASS in Russian 30 May 95 p 1

[Aleksandr Savenko report: "Minister Calls for Calm"]

[FBIS Translated Text] Negotiations between representatives of miners' outfits and the Government of Ukraine have begun in Kiev. Approximately 300 emissaries from each mine of the industry have come to the capital of Ukraine altogether.

The event was preceded by tumultuous meetings of representatives of the miners' unions and the strike committees initially in Krasnyy Luch, then in Uglegorsk.

Following the Krasnaya Lucha meeting with the participation of V. Poltavets, minister of coal industry of Ukraine, the miners' delegation left for Kiev.

In Uglegorsk on 25 May those who had come from Kiev reported on the work that had been done and proposed a switch to an offensive on a larger scale. The miners' demands are not new: guaranteed work for the miners of the pits that are being closed (there will be 19 of these in 1995, according to V.V. Derzhak, chairman of the Coal Industry Workers Union), steady pay without holdups, consumers' purchase of 1 million tonnes of coal at mines of Ukraine, not overseas, and the extension of government funding in quarters II-IV of 1995 for the upkeep of the social sphere, since the 6.7 trillion karbovantsy allocated in the first quarter went only on wages. A tax, the resources from which would be channeled into an increase in the pace of production, which fell 14 percent in April, to be imposed on coal imported from abroad, the cost of which is lower than the wholesale prices established for similar brands of Ukrainian coal. Such appalling figures as the following were cited also: Industrial injury was sustained by 45,000 persons at the mines in 1994, of whom 400 perished or subsequently died.

N.A. Volynko, chairman of the Donbass Independent Miners Union, read out a charter of the joint actions of the union and the workers movement. It was adopted after bitter debate. Valeriy Miller, chairman of the Association of Independent Miners Collectives, implored the coal miners not to break away for a wildcat strike. The same request was conveyed via an adviser by V. Poltavets, minister of coal industry.

But the miners expect of the government not words but specific deeds to rescue the industry. Will they find understanding in Kiev?

Coal Miners' Negotiations With Government Profiled

WS0506102095 Kiev INTELNEWS in English 2235 GMT 5 Jun 95

["Special to INTELNEWS" by Olha Burda]

[FBIS Transcribed Text] Donetsk, June 4 — This week's protest action, which brought several hundred coal miners from Lugansk and Donetsk oblasts to Kiev to discuss grievances with the government, became possible, according to the point of view of observers from Donbass, because trade unions, local authorities and the Coal Industry Ministry have pooled their positions.

The Donetsk leadership was opposed to the formation of the Coal Industry Ministry last fall, but has since reconciled its views with the ministry in order to develop a common industry rescue position.

"May's last meeting with Coal Industry Minister Viktor Poltavets finished with us finding common points on the issue of giving legal independence to coal industry enterprises," said Vitaliy Hayduk, Donetsk oblast Executive Committee deputy chairman for industrial issues.

Hayduk, however, called for a further loosening of controls. "We consider that the ministry in its current command-administrative form is just not able to exist, therefore the functions of control over technical development and over fulfillment of obligations on fuel supplies should be left to the ministry itself and the associations' management, while the right to sell extracted coal should be undertaken by immediate producers," he said, adding that producers "will be able to break apart the chain of non-payments."

Donetsk Strike Committee co-chairman Yuriy Makarov said that workers' movement leaders must protect first of all the social interests of miners: wages, pensions, insurance payments.

The strike leader also says he is more concerned with raising coal industry profitability than with reducing its cost in the face of competition from abroad.

"The metallurgists and coke-chemists, the main Russian and Polish coal importers, just will not have enough money to import more that 30 million tons per year, while the state consumes annually up to 150 million tons. Such a threat just does not exist," he said.

Makarov also said that the "monopolist" status of DerzhVuhleZbutZvot, the state-owned coal wholesale company, is destroying efficiency in the industry and exists solely as "a source of enrichment for a group of officials."

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Hayduk, trying to smooth over the contradictions between the ministry and union officials, says they are both agreed that massive subsidies are needed to keep the industry afloat.

"If the coal industry cannot be supported by way of issuing money for wages and replenishment of the circulating assets which are always insufficient due to coal prices lagging behind the prices on machinery, metal, materials and other support expenditures, another way should be found," he said.

"The price of coal cannot be mechanically raised a hundred times in order to make its cost equal to the comparative cost of, say, metal," he added.

Markov, for his part, blames an ineffective government.

"There has not just been anyone to run the Cabinet of Ministers for all these years," he argued. "After (Prime Minister Vitaliy) Fokin's resignation, (Leonid) Kuchma came and demanded additional powers. Then Zviahilskiy, running the state as a mine, reached temporary stability which went to pieces immediately upon appointment of Masol who knew from the beginning that he would be overthrown and did nothing."

Crisis in Donbass Coal Industry Worsens

LD0206164595 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 2 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] The situation in Ukraine's coal industry has deteriorated to such an extent that the strike committees and the trade unions, jointly with the managers of enterprises, demanded that the president and the government set about saving the industry. But the miners' most urgent demands add up to 193 trillion karbovantsi. The government does not have this kind of money. As it is, compared with last year, it has reduced investments in the industry ninefold. Ukraine's metallurgists and power engineering workers are unwilling to take Ukraine's incredibly expensive coal. Polish and Russian coal comes cheaper.

Worried that they might be left without any wages at all, the Donbass miners have sounded the alarm and demanded that coal imports into Ukraine be limited.

In order to dispel the tension, the government intends to introduce import duties on foreign coal.

But this does not resolve the problems at all. The expensive coal has driven up prices for metal and the output of machine-building. The coal industry has become the main detonator of inflation.

With the onset of the summer heat — as has happened more than once before — passions at the mines are becoming more heated too. This factor could strongly influence the outcome of the dispute between the president and the government in whom the people now trust.

'Bumper Crop' Threatened by Inefficient Methods

WS0506103295 Kiev INTELNEWS in English 2235 GMT 5 Jun 95

["Special to INTELNEWS" by Stefan Korshak: "Bumper Crop Threatened by Poor Farming"]

[FBIS Transcribed Text] Kiev, June 4 — Inefficient farming methods in Odessa oblast threaten to hurt this year's prospects for bumper harvests, Odessa officials said over the weekend.

Viktor Novatskiy, manager of the Odessa Regional Agriculture Department, said broken equipment and fuel shortages will hurt the harvest.

"Our experts predict we will be able to gather this summer about 2.5 million tons of wheat," Novatskiy said. "This would be the best harvest for the last several years. Unfortunately, at present only 37 percent of our combines are operational. Even if we fix all broken combines, we will have only 78 percent of what we need to gather in the autumn harvest. We have also given our support company, Agrotechservice, the goal of obtaining a 10-day fuel reserve."

Oblast Council head Ruslan Bodelan hopes to receive combines from northern oblasts. "Without this any hopes for getting in the harvest are unrealistic. All government transportation companies should be placed in support of getting in the harvest. Industrial companies must also do everything possible to help farmers," Bodelan said.

Officials hope to ease regional unemployment by creating new jobs, according to Anna Tsunitskaya, Odessa Oblast Employment Agency manager. "According to our specialists, the labor market in the current year will grow one-or twofold compared with last year," Tsunitskaya said. "For the presently unemployed we plan to create 13,000 jobs. Of these, 11,000 are in the private sector. We have also reserved spots for the less-well-off."

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Roundtable on Agricultural Reform Detailed

WS0206131595 Kiev SILSKE ZHYTTYA in Ukrainian 27 May 95 p 14

[Report by Vitaliy Krauze: "Ukraine Will Certainly Become a World Exporter. But in Which Millennium?"]

[FBIS Translated Text] **Neither domestic agronomists nor foreign experts currently have any doubts that Ukraine will become one of the largest exporters of agricultural products within the next 10 years. No matter how paradoxical it may seem, however, no prominent expert can confidently answer the following question: Will the leading industry of our national economy become profitable by the end of this year?**

At first glance, there is a simple way out of this situation — to use money of the world community, which, as the saying goes, has loads of money, and to stimulate the agricultural sector, which will cover the expenditures a 100 times over within the next 10 years. Still, despite the exceptional nature of this solution, for some reason neither private investors nor leading financial organizations have so far rushed to invest money in promising Ukrainian chernozem [rich fertile soil found in Ukraine]. And only that a realistic picture of reforms has been drawn in our country...

Agricultural reform was the topic of a roundtable held at the World Bank mission in Ukraine on 18 May. Of course, the media were primarily interested in the volume of credits this well-known financial organization is going to allocate, their purpose, repayment terms, and interest rates. Still, although journalists received exhaustive responses to these questions, the discussions went far beyond the framework of the World Bank's plans regarding Ukraine. The roundtable was devoted to the most urgent problems of the agro-industrial complex, and fit in with its topic. This was not surprising, since it was attended by people who not only have control over the pulse of our country's agricultural industry, but also make everything possible to make it pulsate regularly. In addition to Hans Bisvanger [name as transliterated], World Bank senior economic adviser, the meeting was attended by Petro Sabluk, first deputy prime minister for issues of agro-industrial complex, Mykola Shkarban, president of the Association of Ukrainian Farmers, and Viktor Tymchenko, president of the "Ukrahroprombirzha" [Ukrainian Agro-Industrial Commodity Exchange] corporation.

Credits for a Key Industry: For What and From Where

As Petro Sabluk reported, it has been agreed that the World Bank will grant a $360-million credit to develop our domestic agricultural industry still this year. The money will obviously be earmarked for specific purposes. Out of this sum, $170 million will be used to insure foreign investors, which will become a particular catalyst for financing; $130 million to reform the infrastructure of our agro-industrial complex; $32 million to carry out a program for developing seed production, and $30 million to conduct land surveys.

As we can see, the credits could hardly be used more efficiently, since each area of financing represents an urgent problem in Ukraine, as agronomists perfectly realize. The $360 million, however, can by no means be regarded as a panacea for all our agro-industrial problems, as became clear in our deputy prime minister's speech.

"The agricultural industry has advanced further in reforms than manufacturing industry," he said. "In my opinion, we should currently subordinate the entire structure of our national economy to this key industry. For Ukraine, this is a realistic way out of the crisis."

According to a metaphor used by one of the journalists, the first deputy prime minister is reserving the agro-industrial complex the role of a working horse, which is the only one able to get the Ukrainian wagon, which has become stuck at the crossroads of history, going again. Although the prime minister concurred with him, he emphasized the following:

"For the agro-industrial complex to perform this role, it is necessary to pay attention to the characteristic features of agricultural production, which are, by the way, characteristic not only of Ukraine but also the entire world."

First, in this sector money does not circulate as quickly as it does in other industries. After all, crops that are sown in spring do not yield economic proceeds until late summer. Obviously, it is economically inexpedient to freeze large amounts of money for a long time by accumulating them in the agricultural sector. It therefore is essential to develop a flexible procedure for obtaining bank loans. Only then will we be able to advance from the "money-money-money" approach, which our domestic financial organizations have adopted, to the "money-commodity-money" approach which is used throughout the civilized world. This is a prerequisite for improving our national financial system.

Unfortunately, in the opinion of Petro Sabluk, Ukrainian commercial banks do not want to understand this. He

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really emphasized the fact that the banking sector's overall income was 65 trillion karbovantsi [K] last year, compared with K61 trillion for the agro-industrial complex... So, according to this information, there is money available not only abroad, but also in Ukraine. And the first prime minister is convinced that if it was used in a better way — namely in the agricultural sector — our country, for example, could pay for gas in full as early as this year.

The Rules of the Game Must Be Equal

The correlation between incomes would have changed dramatically, though not in favor of the banking sector, and the problem of loans would not have been so acute, if the rules of the game had been equal for everyone. The problem of parity of prices for agricultural products and products of other industries has not yet been resolved in Ukraine. It was namely the inequality of prices that has virtually led the agricultural sector to a financial crisis. As the deputy prime minister emphasized, this is the largest obstacle in the path of reforms.

"As of today, cattle-breeding is already making losses," he reported. "Toward the end of this year, it may prove that the entire branch is loss-making. Then, according to the market rules, it will have to be trimmed down, as the saying goes. You understand, however, that in Ukraine everything can be trimmed down except for the agricultural sector."

A way out in this area can only be a market-like one. Since we have already joined the world community, we should fully profess its principles. That is to say that we should have prices for agricultural products that would realistically reflect the value of land. As it is, the current pricing mechanism makes no sense, and neither does the fact that the industry, which, judging by all signs, should be among the world's most profitable, is becoming less profitable.

From the Viewpoint of a Foreign Expert...

By the way, not only our first deputy prime minister understands this. Hans Bisvanger, who, incidentally, does not consider himself an expert in Ukrainian issues, because he has been an adviser to the World Bank for only a week, said the following:

"Even for those who visit Ukraine for the first time, it becomes clear that this country has exceptionally favorable conditions for agriculture, and that it will become a top-level exporter within the next 10 years. That is to say that your country will compete with such recognized world leaders as the United States, the Netherlands, New Zealand, and Australia in the production of grain and certain types of cattle-breeding." (He even cited a specific date — the year 2005.)

The Ukrainian first deputy prime minister noted, however, that this will happen quicker — within two years. Further on, their viewpoints were somewhat diverging, if not diametrically opposed.

Hans Bisvanger addressed in detail the issue of forms of land use existing throughout the world, having emphasized that, in countries specializing in the kind of agricultural production that is currently characteristic of Ukraine, the industry is dominated by small, family-run farms. In view of rational farming, they take virtually no credits. Moreover, only those who do not have debts are protected against bankruptcy under market conditions, in which the situation frequently changes. To put it another way, two truths ensued from the World Bank representative's speech, which, in his opinion, are obvious. First, shareholding and cooperative farms are completely inappropriate for Ukraine. In this regard, he frankly said the following: "Such farms will not resolve your problems." Second, since the Ukrainian agricultural industry should give priority to small family farms, it does not need large credits.

...and Ukrainian Commodity Broker

Viktor Tymchenko, president of the "Ukrahromprombirzha" and candidate of agricultural sciences, expressed his attitude toward the credit problem in the following way:

"One can resolve everything by working hard and not hoping that somebody will help him."

This sentence would have seemed banal and resembled a slogan if it had not been backed by the scientist's comprehensive commentary.

In his opinion, direct cooperation with foreign companies is promising. And one can already speak about its real results, without restricting oneself to separate examples. Italian, Swiss, and U.S. companies are increasingly often making offers concerning not only purchases of products, particularly those of certain unique sorts of seed, but also joint large-scale projects. There is an agreement to produce the first Ukrainian combine with the well-known transatlantic company John Deer.

As for commodity exchange operations, Viktor Tymchenko reported that the volume of sales of agricultural products has already amounted to K12 trillion.

Farmers Association Believes

"Reform has an essential flaw — land is handed over to legal persons," said Mykola Shkarban, president of the Association of Ukrainian Farmers. "A poll has shown

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that under such conditions sharing will simply not take place, meaning that this will only preserve a form which was forcefully thrust upon people a few decades ago. It will preserve it for a long time, since it will thus legalize this form."

"In my opinion, people should receive plots, and then integrate their shares into a whole. Let it be a collective agricultural company, cooperative company of farmers, or something else. The stance of the Farmers Association is that land should be apportioned personally. Otherwise this will not be reform."

"Regarding the World Bank credits, I will only say that, of the 900 million [currency not specified] that has arrived in Ukraine, farmers have received meager leftovers which do not really count, but this has already become a reality in Ukraine. On the other hand, however, had farmers obtained such loans, the number of farmers who went bankrupt last year would not have been 2,000."

Despite the different views on reforming the agricultural sector in Ukraine and ways of resolving its problems, it is not hard to notice that the mosaic of opinions has a common groundwork — "land and money." These two factors are deciding the fate of the agricultural sector. Land — in terms of to whom it will really belong and how one should use it in the best manner. Money — from where can one currently take it.

Experts' opinions have so far conformed with one another in only one respect: The situation of a closed circle cannot last long in Ukraine's agricultural sector. When this circle will open, however, in this millennium or the following one?

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Belarus

Edict Ends Customs Controls Along Russian Border

WS0506092295 Minsk RESPUBLIKA in Russian 2 Jun 95 p 3

["Text" of Edict No. 208 "On Abolishing Customs Controls Along the Belarusian-Russian Border" signed by Belarusian President Alyaksandr Lukashenka in Minsk on 30 May]

[FBIS Translated Text] Taking into consideration the agreement on customs union between Belarus and the Russian Federation from 6 January 1995, and to implement the agreement on completing the first stage of establishing the customs union, I hereby resolve the following:

1. To abolish customs controls along the Belarusian-Russian border.

2. The Belarusian State Customs Committee, in collaboration with relevant state bodies of the Russian Federation, shall provide customs controls along external borders of Belarus and the Russian Federation and, in collaboration with the Belarusian Cabinet of Ministers, adopt measures to implement the current edict.

3. The current edict become effective on the day of its publication.

[Signed] Belarusian President Alyaksandr Lukashenka, in Minsk
[Dated] 30 May 1995, No. 208

Defense Minister To Attend 8 Jun NATO Meeting

WS0506104095 Minsk Radio Minsk Network in Belarusian 1000 GMT 5 Jun 95

[FBIS Translated Text] Colonel General Anatol Kastenka, Belarusian defense minister, will attend a meeting of defense ministers from NATO member and partner countries in Brussels on 8-10 June. A BELAPAN correspondent has learned this from the press service of the Belarusian Defense Ministry. During the meeting, it is planned to discuss a number of issues concerning European security and further cooperation in the framework of Partnership for Peace program.

Kastenka Said Attempting To Fire Intelligence Chief

WS0506090795 Minsk MMC in English 0730 GMT 5 Jun 95

[FBIS Transcribed Text] MMC learned that Defence Minister Anatol Kastenka has ordered General Mikola Vashchila, the chief of the MoD [Ministry of Defense] intelligence department, and General Vitaliy Stepanov, the head of the Minsk Suvorov Military College (MSMC), to go to military hospital for a military medical checkup in connection with their retirement. One of the MoD Main Headquarters staff, who prefers to remain nameless, explained that the reason for the planned personnel reshuffles lies in the Generals' friendly relations with ex-Defence Minister Pavel Kazlowski and his former deputy Pyotr Chaus. Furthermore, the opinion has been voiced among high-ranking Ministry workers that by attempting to make personnel rearrangements, Anatol Kastenka is wishing to create the illusion that there is a "fifth column" in the department in order to retain his post as Minister. This "fifth column" is supposedly responsible for the failure of military reforms. Vitaliy Stepanov disagreed with the Minister's decision and sent a letter to the president and met with Viktar Sheyman, the state secretary for the Security Council. In his appeal to [Belarusian President] Alyaksandr Lukashenka and Viktar Sheyman, General Stepanov explained that the reasons for his dismissal from the Army are to do with interpersonal relationships between Minister Kastenka and incompatible views on the development of military science. In addition, Vitaliy Stepanov did not trust the doctors of the Central Military Hospital and demanded an independent medical health examination. Vitaliy Stepanov will be sent to the State Security Committee hospital on June 5 by order of Mr. Sheyman. The workers of the Suvorov College have stood up in defence of their head. Teachers of MSMC have sent a letter to the president expressing their alarm at the attempts to destroy the oldest military college in the republic. In the opinion of those who wrote the letter, the demise of the MSMC could not happen without the involvement of the Ministry of Defence. As regards military intelligence chief Mikola Vashchila, according to information received by MMC, he also disagrees with the Minister of Defence's decision and has accordingly sent a letter to the president and asked for an appointment with the secretary of state for the Security Council.

Quorum Change Suggested on Parliamentary Crisis

MK0206121095 Moscow SEGODNYA in Russian 2 Jun 95 p 7

[Report from Minsk by Valentin Zhdanko under the "Belarus" rubric: "It Was Decided To Overcome Parliamentary Crisis Without Waiting for New Elections"]

[FBIS Translated Text] After inconclusive parliamentary elections held 28 May, when only 120 deputies out of 260 were elected, an ambiguous situation has come about in Belarus: The former Supreme Soviet technically retains its powers, but it is not engaged in any lawmaking activity, being fully disorganized, while the newly elected parliamentarians cannot convene for a session because the Supreme Soviet can start work only

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if it has at least 174 deputies. No particular hopes are pinned on new parliamentary elections scheduled for the fall either — citizens are unlikely to become much more active politically by that time.

Speaker Myacheslaw Hryb said after a conversation with the president 31 May that it was decided to break the impasse by changing the law on the Supreme Soviet. For this purpose, the old parliament will hold an emergency session 14 June. It will be asked to lower the mandatory quorum from two-thirds to two-fifths of the deputy corps. If this happens, the 120 elected deputies will be entitled to hold sessions and make decisions.

Opponents of this way out of the parliamentary crisis point out that in this case crucial laws concerning the whole people will be made by representatives of a majority of the population — only 40 percent of the electoral districts, mostly in the countryside, whereas the capital and many large cities have no representatives of their own at all and are unlikely ever to have them under the current electoral law.

If the quorum is lowered, the new Supreme Soviet will convene as early as mid-July. The communists and the agrarians together will hold nearly one-half of parliamentary seats — about 48 percent. At the same time, one should not forget that a considerable part of the deputies who call themselves nonpartisan is made up of former Communist Party of Belarus (or CPSU) functionaries. It is easy to imagine that upon forming such an alliance the left-wing forces will be able to push virtually any decision through parliament. It is quite possible that in this case the president will have to restrain the passions of the "red" parliament so as not completely to halt the already timid pace of market reform in the republic.

Moldova

General Lebed Returns to 14th Army Command

AU0206170995 Chisinau INFOTAG in English 1930 GMT 1 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/6/1995 — The commander of the Russian 14th Army, Lieutenant General Aleksandr Lebed, returned to Tiraspol. During his two-week stay in Moscow, he took part in parliamentary hearings on the fate of the 14th Army, and met with Defence Ministry's Chief of Staff, after which handed in resignation.

In Tiraspol airport, Lebed expressed satisfaction about the hearings in the State Duma "which adopted at the first reading the federal law on safeguarding the Army's armaments. Unfortunately, I failed to explain the entire complexity of the situation to my ministerial bosses, and had to submit resignation," he said.

"I made this in order to attract everybody's attention not to myself but to the Army arsenals, and to the situation in Dniester," he emphasized.

"I came back as the 14th Army Commander, and will continue commanding it, for the time being," Lebed said.

He refused to give detailed answers to numerous journalists at the airport, because "I myself have not got everything clear yet." The general promised to supply all information at a news conference which he will convene after the situation is totally clarified.

General Lebed's Future Still Unclear

LD0206142995 Moscow Radio Rossii Network in Russian 1000 GMT 2 May 95

[FBIS Translated Text] The fate of General Lebed is still unclear. Yesterday, he arrived in Tiraspol in mufti and expressed regret that he had not managed to explain the difficult situation in the Dniester region to the Defense Ministry. Here is Lyudmila Yefimova from Chisinau.

[Yefimova] The commander noted in a conversation with me today, 2 June, that the situation is developing in line with a strange scenario, but until the situation is clear, he will make no comments, including on his own future.

Politicians in Chisinau do not conceal their concern over Aleksandr Lebed's possible resignation, which in the view of Petr Luchinskiy, chairman of the Moldovan parliament, will inevitably lead to negative consequences. But this issue is within the competence of the supreme commander of Russia's Armed Forces, Moldovan President Mircea Snegur stressed. If the resignation is accepted, he said, we will propose that the post of the army commander should be filled by an officer who will not permit the large amount of arms to fall into the hands of destructive forces — end quote.

At the same time Mircea Snegur noted that a solution to the Dniester region problem rests not with the army commander but with the results of talks between Chisinau and Tiraspol. Aleksandr Karaman, vice president of the self-proclaimed republic, explained to me the Dniester official stance on Lebed's possible resignation. He said: We press for a Russian military contingent to stay in our region. The actual form of the contingent is to be defined by Russia. Attempts are constantly being made to involve us in political struggle behind the scenes. But the Dniester region itself is only concerned over preserving Russia's influence in the region — end quote.

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According to unofficial information, the fate of the resignation notice, which provoked political passions, will be decided next week.

Russian Media: Lebed Resignation Accepted 25 May

AU0406200395 Chisinau INFOTAG in English 2010 GMT 2 Jun 95

[FBIS Transcribed Text] Tiraspol, INFOTAG, 2/6/1995 — Russian Defense Minister Pavel Grachev accepted Lt. Gen. Alexander Lebed's resignation last Thursday [25 May], the Russian media have reported.

When asked to comment Grachev's decision, Lebed said he "did not expect anything else from such a minister." He promised to promulgate his opinion on all issues after his resignation is finally and officially settled by the commander in chief of the Russian Armed Forces — President Boris Yeltsin.

Apparently, Lebed will convene a press conference in Tiraspol next week, for by that time Yeltsin is expected to say his final word.

Snegur Wants To Safeguard Huge Weapons Cache

LD0306125595 Moscow ITAR-TASS in English 1250 GMT 3 Jun 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU June 3 (Itar-Tass) — If General Aleksandr Lebed quits as commander of the Russian 14th Army, Moldavia will ask Moscow to replace him by a commander who would keep the army's huge weaponry safe, Moldavian President Mircea Snegur said today.

Lebed sent a resignation letter to defence minister Pavel Grachev this week. Grachev accepted the resignation, and the Russian president is to stamp his approval on it.

Snegur stressed, however, that settlement in the Dniester region, Moldavia's breakaway enclave, depends not on any commander but rather on outcome of dialogue with the enclave's leaders, Snegur stressed.

Snegur said a draft of a special status for the Dniester region was generated by Moldavia under guidelines of the Organisation for Security and Cooperation in Europe. He said he would present the draft during a meeting with the region's leaders on June 7.

Call For NATO Monitoring of 14th Army Withdrawal

AU0206171195 Chisinau INFOTAG in English 1930 GMT 1 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/6/1995 — At last week's session of the North Atlantic Assembly, the Moldovan delegation once again raised the question of monitorization of the 14th Army withdrawal, INFOTAG was told by Nicolae Andronic, deputy chairman of the parliament, who headed the delegation.

The idea was first voiced at the previous session last autumn. However, Russia has been blocking adoption of an official decision on the matter.

"We raised the problem both at sessions, and at bilateral meetings with representatives of various countries. The Army's huge stock of weapons is a fairly urgent problem, and it should concern not Moldova alone, but Europe in general," Andronic said.

He pointed out that the session considered broadening of NATO by admitting former Warsaw Pact member countries. In that context, he named as "speculative" allegations about Moldova's intentions to join NATO.

"Moldova has announced its neutrality, and has been seeking no membership in any military-political blocks. We do cooperate with NATO in the framework of its Partnership for Peace programme, and that will help us upgrade our armed forces and retrain military personnel," Andronic said.

The session also considered settling problems of borders between neighbour countries. The forum pointed out the necessity to sign a treaty between Moldova and Romania and thus to confirm the absence of territorial claims between the two countries.

Dniester Objects to Chisinau Draft Status Bill

AU0206203495 Chisinau INFOTAG in English 1930 GMT 1 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/6/1995 — Both the Parliament and Government in Dniester have voiced their disagreement with the Moldova-drafted law on the region's status. Such a decision was taken at last Wednesday's joint sitting of the legislative and executive powers led by the president of the breakaway Dniester republic, Igor Smirnov.

Dniester State Secretary Valery Litskay, who heads the Tiraspol status drafting team, has stated that "the Chisinau-offered draft is a European-standard variant of an autonomous territorial unit with limited rights." He stressed, such a draft is unacceptable for Dniester, which

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has been insisting on a clear-cut division of plenary powers between Chisinau and Tiraspol.

Litskay expressed discontent about the work of both expert groups. He emphasized that the latest proposed draft is largely out of date, because no work was done in status drafting during the last three months. He laid the responsibility on the Moldovan side which, in his opinion, "showed reluctance to activate the negotiations."

The joint sitting spoke in favour of further negotiations, having stressed that the talks should be based on equal partnership of the sides.

Tiraspol Favors Kendigelean for Gagauz Bashkan

AU0206171095 Chisinau INFOTAG in English 1930 GMT 1 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/6/1995 — Gagauz leaders are in active consultations with the Dniester administration about the strategy and tactics of the election campaign, INFOTAG was told by a source in Tiraspol.

Several years ago, the unrecognized Gagauz and Dniester republics signed a treaty on cooperation in various fields, and do not conceal that they have been rendering help to each other. After the Moldovan Parliament passed the law on the special status of Gagauzia, the Tiraspol administration spared no effort to influence the election campaign there, seeking to preserve the current leaders at power and not to lose Dniester influence in the southern region.

After the first round of the Gagauz Bashkanship elections had been won by Gagauz Parliament Chairman Mikhail Kendigelean and "Chisinau guy" George Tabunshik, the Tiraspol leaders decided to struggle for the victory of the former Comrat Parliament speaker at the second round.

This urgent problem became the subject matter of a meeting between Mikhail Kendigelean and the Dniester administration held in Tiraspol last Wednesday. According to the above source, they decided to organize election propaganda in Gagauzia in such a way so that Kendigelean could poll all the votes that were previously given in favour of Stepan Topal and Dmitry Croitor. In case this objective appears unrealistic, Tiraspol has recommended to boycott the election and thus to seek its postponement until a later date.

A Tiraspol bank official told INFOTAG that the Dniester Ministry of Finance was ordered to render possible financial assistance to Kendigelean's election campaign.

At one of his meetings with the electorate, Kendigelean said to the audience that Dniester used to render substantial help in financing the Comrat power structures, including maintenance of the Gagauz administration and the Budjak Guard Battalion.

The financing was practically stopped after the Comrat leaders had agreed with the Moldovan Parliament's draft law on the Gagauz status. As a result, Comrat administration officials still cannot receive their full salary due for the first quarter of 1995.

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Kazakhstan

Prime Minister Meets Mitsubishi Chairman

LD0206175695 Almaty Kazakh Television First Program Network in Russian 1100 GMT 2 Jun 95

[FBIS Translated Text] The second meeting between Kazakh and Japanese entrepreneurs on economic cooperation took place today at the Cabinet of Ministers.

[Begin unidentified correspondent's recording] A Kazakh-Japanese committee on economic cooperation has been set up in accordance with the resolution of the Cabinet of Ministers issued on 19 August 1994. A similar organization has been set up in Japan. The Kazakh-Japanese committee includes 32 major firms from Japan. The first joint session of the committees was held 8-10 June 1994 in Tokyo.

Prime Minister Akezhan Magzhanuly Qazhygeldin met Mr. (Marakasi), chairman of the Board of Directors of Mitsubishi, today. During their conversation issues pertaining to bilateral cooperation were discussed. The head of the Kazakh Government expressed gratitude for the Japanese Government's support for the reforms being implemented in Kazakhstan. [end recording]

Kazakh-Russian Industrial, Railroad Grouping Planned

LD0206193095 Almaty Kazakh Television First Program Network in Russian 1100 GMT 2 Jun 95

[FBIS Translated Text] A regional conference on cooperation between the railroads of Kazakhstan and Russia in providing transport services to enterprises in industry and the fuel and energy sector took place in the Kazakh city of Akmola.

[Begin unidentified correspondent's recording] The Akmola railway workers initiated the conference. Participants included representatives of eight regions of the two countries: workers in the transport, coal mining, power, and metallurgical industries. The main aim of the meeting was to draft a program of cooperation between railroads and enterprises that consume energy.

Serik Alighozhanov, Kazakh minister of transport and communications, who opened the meeting, noted the importance of stable relations between Kazakhstan and Russia and the further expansion of economic integration.

Many enterprises in the southern and central Urals use Kazakh coal to operate. The output from Ekibastuz coal basin alone feeds three Russian power systems: Omsk, Sverdlovsk, and Chelyabinsk.

It was the existence of common interests which raised the idea of setting up a financial and industrial group that would include Kazakh and Russian coal, power, and railway enterprises.

Participants in the conference adopted a joint agreement, the essence of which is that ways out of today's problems should be sought and that each partner should be responsible for the final results of work. [end recording]

Nazarbayev Proposal in Negotiations Turned Down

LD0206113095 Moscow INTERFAX in English 1008 GMT 2 Jun 95

[FBIS Transcribed Text] ALMATY, June 2 (INTERFAX) — The fourth round of inter-Tajik talks that lasted till early hours on June 2 ended without result. The sides failed to work out a mutual acceptable solution to constitutional issues and agree to prolong the three month old truce, reached in Kabul for yet another three months till August 26.

Nor did the negotiating teams agree on where and when the fifth round of talks will be held. They turned down a proposal put forward by Kazakhstan's President Nursultan Nazarbayev to set up a joint commission to amend the republic's Constitution and present the amended fundamental law to the Congress of Tajikistan's Peoples for debate.

As the chief negotiator from the Tajik opposition Akbar Turadzhonzoda has declared in an interview with INTERFAX, "everything that the sides agreed on through mediation by Kazakhstan's president on May 31 has broken down."

Among the few positive results achieved at the Almaty round, observers point to an agreement reached by the sides to step up mutual efforts toward helping the refugees to return to their homes and getting the Tajik government pledge to suspend for the period of negotiations the execution of death sentences, passed on the Tajik opposition opponents, being held in Tajik jails.

Nuclear Device Destroyed; Minister Cited

MM0506100195 Moscow KRASNAYA ZVEZDA in Russian 2 Jun 95 p 3

[Report by Anatoliy Ladin: "How 460th Nuclear Bomb Was Destroyed. Semipalatinsk Military Test Site Becomes Peaceful Scientific Center"]

[FBIS Translated Text] A powerful charge 31 May destroyed the last military nuclear device that had been lying in test gallery No. 108-K for four years at the former nuclear test site near Semipalatinsk (Kurchatov).

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As you know, this charge with a yield of over 0.3 kilotonnes had not been detonated owing to the public protest mounted in 1991. There have been no more tests here in the steppes of Kazakhstan, which withstood 459 nuclear tests, since August 1991. But the charge with its nuclear innards remained at the test site. It generated certain misgivings: How would the "nuclear captive" behave after a certain period of inactivity? Specialists ruled out any trouble but nonetheless the best option that could be devised was to get rid of it once and for all.

At your KRASNAYA ZVEZDA correspondent's request Doctor of Physics and Mathematical Sciences Vladimir Sergeyevich Shkolnik, Kazakhstani minister of science and new technologies, described how the charge was destroyed.

A special team of tunnelers leisurely cut a route to the recess containing the charge. They were under the direct command of the chief designer from the Russian Federation nuclear center. The tunnelers "reached" the device 18 March. It was inspected. The second of the two options for handling the charge envisaged by the Agreement — cutting it out of the overall structure and taking it back to Russia, or destroying it in situ — was adopted.

The charge was encased in explosive, hermetically sealed, and...blown up 31 May. The environmental situation in the area of the conventional explosion used to destroy the nuclear device is normal. No unforeseen triggering of the nuclear device was possible either in theory or in practice.

As you know, the day before Kazakhstani President Nursultan Nazarbayev made an address to all the republic's citizens stressing that Kazakhstan's nuclear career has been wound up by the efforts of the Russian and Kazakhstani disposal squad. The state has acceded to the Nuclear Nonproliferation Treaty. As you know, all the nuclear warheads with which the intercontinental missiles were equipped have been taken back to Russia from Kazakhstani territory.

Henceforth the Semipalatinsk test site will only study the consequences of nuclear tests and the prevention of accidents at nuclear electric power stations.

Nuclear Power Station May Be Built at Semipalatinsk

LD0206144195 Almaty Kazakh Television First Program Network in Russian 1100 GMT 2 Jun 95

[FBIS Translated Text] When the last nuclear device was blown up at the Semipalatinsk nuclear test site at 1316 on 31 May, our republic de facto became nuclear-free.

A news conference held at the Foreign Ministry today was devoted to the future of the test site, and new steps in the nonnuclear policy of Kazakhstan, which has in fact signed virtually all the international documents that ban nuclear tests and proliferation of these lethal weapons.

[Correspondent] Vladimir Shkolnik, minister of science and new technologies of Kazakhstan, Deputy Foreign Minister (Bolat Nurgaliyev), and (Ergali Bayedinov), the director general of the republic's Nuclear Power Agency, met journalists to talk about the specific details of destroying the device, and described its destruction as an important landmark on the republic's path of conducting the nonnuclear policy announced by Kazakhstan's leadership in the very first days of sovereignty.

As was noted at the news conference, the next step on the path of pursuing a nonnuclear policy is to eliminate warheads on those missiles that still remain on the territory of Kazakhstan and have not been removed to Russia.

Possessing huge reserves of uranium ore and the technology for enriching it, Kazakhstan will never sell it either openly or covertly, the participants in the news conference noted.

As for the destiny of the Semipalatinsk test site, conversion is starting there. The site is to start working to benefit Kazakhstan's economy: In conjunction with a number of other countries, unique studies in the field of radiation will be carried out there.

But it is not being ruled out that the first nuclear power station in the republic will be built on the basis of it.

Kyrgyzstan

Prime Minister Meets German Foreign Minister

LD0206214795 Moscow ITAR-TASS World Service in Russian 1425 GMT 2 Jun 95

[By ITAR-TASS Gennadiy Kulbitskiy]

[FBIS Translated Text] Bonn, 2 Jun — The situation with citizens of German nationality living in Kyrgyzstan was one of the main topics discussed at a meeting here in Bonn today between Kyrgyz Prime Minister Apas Dzhumagulov and Klaus Kinkel, the German federal minister of foreign affairs.

"Obviously," Kinkel said during the meeting, "the door to Germany remains open for our compatriots

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who want to come here. At the same time Germany will do everything possible so that as many Kyrgyz Germans as possible stay in their second motherland. The German minority is a 'bridge' between Germany and Kyrgyzstan and it creates favorable preconditions for German investments in industry of this country."

Among other things it was noted at the meeting that of 100,000 citizens of German nationality who were living in Kyrgyzstan in 1989, only 35,000 are living there now. The rest have moved for permanent residence either to Russia or Germany.

The German foreign minister said that the Bonn government wanted reforms in this Central Asian country to continue and that it intended to provide assistance to Kyrgyzstan in this matter in every possible way.

Akayev Demands Tough Financial Discipline

LD0506091895 Bishkek SLOVO KYRGYZSTANA (V KONTSE NEDELI Supplement) in Russian 3 Jun 95 p 2

[FBIS Translated Text] The government's two-week session of the Legislative Assembly and the Assembly of People's Representatives has not yet resulted in the Supreme Council confirming the republican budget.

Having introduced its amendments into the document and agreed to the changes with the Finance Ministry, the legislative chamber already approved the draft budget three days ago. The Assembly of People's Representatives has postponed its decision until 6 June. During this period, the document must undergo all kinds of improvements. Some deputies even proposed postponing the adoption of the draft until the autumn.

However, "nothing is perfect"! Anything can be improved endlessly. Meanwhile, without this document, no international financial organization will deal with Kyrgyzstan, and we need investments.

Attending the two chambers' joint session, President Askar Akayev has probably convinced the deputies that, in principle, the draft budget is correctly formulated. The point is to implement it; otherwise, the situation in the economy will not stabilize but will deteriorate.

He put forward four concrete proposals: to establish tough financial discipline and ensure "cast-iron" tax collection; to clear state liabilities in the payment of pensions, benefits, and wages; to finally settle the issue of nonpayment between enterprises; and to give broader privileges to foreign investors. In line with this, he proposed amendments to five existing laws. Also to this end, he argued strongly in favor of returning to the system of fines for breaches of financial discipline, which was cancelled last year by the previous Supreme Council.

The president finally demanded that a radical solution be found to the problem of the 375 million soms arrears in benefits. He said that it was time to admit candidly that the state could not clear this debt to the population at once and in full. He proposed that this should be covered through bonds, which could be issued specially for this purpose. Those who cannot wait until the time they mature would be able to sell them through the stock exchange. Those who agree to wait will, in a year's time, receive an index-linked sum taking into consideration the rate of inflation. The president has passed on the draft resolution to the speakers of both chambers.

P.S. As it became known, the deputies of the Legislative Assembly assessed the president's proposals positively. They are ready to support him actively and to introduce amendments to the laws next week and also to consider the issue of bonds.

EBRD Credit Agreements Signed

LD0306111595 Bishkek VECHERNIY BISHKEK in Russian 29 May 95 p4

[FBIS Translated Text] A delegation from the European Bank for Reconstruction and Development held a news conference at the White House [Kyrgyz seat of government] on Thursday. The three days it spent here did not go to waste.

Three agreements were signed as a result. One was with the National Bank for the opening of a $10.5 million credit line over 15 years to render assistance to small and medium-sized enterprises. The credits will be extended via the Kurulush commercial bank, the Kyrgyzstan joint-stock commercial bank and the Kyrgyzvneshbank [Kyrgyz Foreign Bank].

EBRD experts will take part in assessing projects together with the National Bank.

$680 Million Allocated for Structural Changes

LD0506073295 Moscow ITAR-TASS in English 0644 GMT 5 Jun 95

[By Boris Maynayev]

[FBIS Transcribed Text] BISHKEK May 5 (ITAR-TASS) — International financial organisations and donor countries highly appraised the results of market reforms in Kyrgyzstan at a consultative meeting which just ended in Paris.

According to a report by the government press service on Monday, the International Monetary Fund, the World Bank, the governments of the United States, Germany,

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Japan and other countries decided to appropriate 680 million U.S. dollars for a programme of structural changes in Kyrgyzstan, to develop industry and to strengthen finances in 1995-1996.

The so-called Paris Club recognised macro-economic indicators in the republic the best in the Commonwealth of Independent States.

Nevertheless, the financial situation in Kyrgyzstan is very unstable. In the opinion of Kyrgyz President Askar Akayev, if the government is unable to achieve financial stability in the near future, the situation may get out of control.

Tajikistan

Aga Khan IV Visits; Meets With Rakhmanov

MM0206131395 Moscow ROSSIYSKAYA GAZETA in Russian 1 Jun 95 First Edition p 7

[Report by Aleksandr Shinkin: "Imam Studying the Situation"]

[FBIS Translated Text] The Almaty inter-Tajik talks on settlement of the military conflict coincided with the visit to Tajikistan by Aga Khan IV, spiritual leader of the Ismailis. The talks with him supplement to a certain extent the Almaty talks. The head of the Ismailis met with republic President Emomili Rakhmanov. They signed an agreement on mutual cooperation, which will regulate the new conditions for the activity of his organization in Tajikistan's economic, political, social, and cultural development.

The actual meeting between Rakhmanov and Aga Khan IV was confidential. But informed sources in the government report that the meeting touched upon the sociopolitical and economic situation and the role of the Aga Khan's foundation in stabilizing the situation in the republic. The leader of the Ismailis expressed readiness to render economic assistance to Tajikistan and to assist as much as he can in the establishment of peace in the region.

But Aga Khan IV gave special attention to Gorno-Badakhshan. Some 80 percent of the population there are Ismailis and this is the region to which his foundation has already rendered urgent aid in its struggle against famine by sending 18,000 tonnes of food supplies. The foundation has elaborated a program for urgent agricultural reforms in the Pamir region, a program whose aim is to improve agricultural production and, in the long term, to ensure the Pamir residents' self-sufficiency in foodstuffs.

At the same time, observers note, Aga Khan IV's visit is pursuing, apart from all else, clear-cut economic interests. Tajikistan, and the Pamir region in the first place, is rich in unique minerals and the foundation's investments are channeled primarily in the mining sector. But, Central Asia expert Semen Bagdasarov believes, it would be wrong if Aga Khan IV is going to "work" without Russian structures. It is impossible to disregard the fact that Russia has invested hundreds of billions of rubles in Tajikistan in the recent past alone. It would be more sensible, according to the expert, to resolve with Tajikistan's Government the question of granting mineral deposit concessions in return for loans, if only at the Kalimansur deposit and the Kukurtskiy gem vein in the Pamir Mountains. After that, structures of Aga Khan's foundation and other Western firms would be able to participate in their development. As far as is known, the leader of the Ismailis is not against cooperation with Russian entrepreneurs.

Aga Khan IV left Gorno-Badakhshan for Kyrgyzstan, where he asked about the possibility of improving the highway between the city of Osh and Khorog, the center of Gorno-Badakhshan Autonomous Oblast. This is the highway along which food supplies provided by the Imam for the Pamir residents are delivered.

The meetings with Kyrgyzstan's leaders touched specifically upon the problems of stepping up the security of humanitarian freight and intensifying the struggle against the spread of drugs. They also discussed the possibility of having Aga Khan IV's foundation implementing humanitarian projects in the republic. After all, the head of the Ismailis is investing up to $100 million in various programs for the development of "third world" countries.

Intra-Tajik Talks Extend Cease-Fire for Three Months

LD0206200495 Moscow ITAR-TASS World Service in Russian 1936 GMT 2 Jun 95

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Translated Text] United Nations, 2 Jun — "The fourth round of intra-Tajik talks ended in Almaty by adopting a joint statement. It confirms the extension of a cease-fire for three more months and includes a number of measures to strengthen confidence, including an exchange of prisoners and detainees and a return of refugees and displaced persons." Joe Sills, spokesman of the UN secretary general, announced this at the UN Headquarters today.

Latest Talks Praised as 'Very Useful'

LD0206172795 Moscow INTERFAX in English 1426 GMT 2 Jun 95

[FBIS Transcribed Text] DUSHANBE, June 2 (INTERFAX) — The Tajik government delegation has given a

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positive estimate to the results of the Almaty round of negotiations with the opposition.

At a press conference in Almaty Friday [2 June], the head of Tajikistan's government delegation First Deputy Prime Minister Mahmadsaid Ubaydullayev said that "this was a very useful round and it had not less positive results as we have reached in the course of other rounds."

In his opinion, the main thing is that the parties managed to solve the problem of refugees and their return to their homeland. It was also decided to exchange equal numbers of captives and prisoners of war before July 20.

The Tajik government agreed to suspend executing death penalties with respect to oppositionists during the inter-Tajik dialogue.

In Ubaydullayev's words, the parties failed to agree on expanding the truce because the opposition had put forward "unacceptable conditions" for the withdrawal of government forces from the Gorno-Badakhshan autonomous region. "We have reinforced and we shall reinforce our presence in Badakhshan," Ubaydullayev underlined.

Deputy Premier Says Talks 'Positive'

LD0306123795 Moscow ITAR-TASS in English 1220 GMT 3 Jun 95

[By Galina Grigoneva]

[FBIS Transcribed Text] DUSHANBE June 3 (ItAR-TASS) - Official Dushanbe sees the results of the fourth round of Tajik talks in Almaty as "positive and effective", although dialogue was difficult, a news conference was told today by Makhmadsaid Ubaydullayev, Tajikistan's first deputy prime minister.

Ubaydullayev said political and institutional issues were first addressed in the talks between official Dushanbe and the Islamic opposition.

Political settlement within Tajikistan was placed on the agenda of the talks, also for the first time.

The talks resulted in agreements of exchange of POWs by the Tajik government and the opposition.

Tajik authorities agreed to suspend capital punishment of sentenced opposition members. Official Dushanbe also consented to consider reversal of legal proceedings against some of opposition activists and endorse the amnesty initiative of President Rakhmanov.

Ubaydullayev said earlier presidential decrees had given an amnesty to some 10,000 members of the armed opposition.

The participants of the talks agreed that Tajik refugees must be allowed to return to Tajikistan before long.

Ubaydullayev said some 30,000 refugees were staying outside Tajikistan, not 800,000 as opposition leaders assert.

Ubaydullayev was asked by an ITAR-TASS correspondent about the response of official Dushanbe to warnings from leaders of Central Asian states that their peacekeepers would be recalled from Tajik-Afghan border if Dushanbe was too uncompromising at the talks with the opposition.

Ubaydullayev said he did not know of any statements from Kazakhstan's officials. He added that Kazakh President Nursultan Nazarbayev assumed a mediator mission at the talks and did not tie the the outcome of the talks to keeping Kazakh peacekeepers in Tajikistan.

In addition, Ubaydullayev said, the Tajik-Afghan border is the southern rim of the CIS, and joint guarding of it is stipulated by a CIS collective security agreement, of which Kazakhstan is a signatory.

As for legalisation of now banned opposition parties in Tajikistan, Ubaidullayev said the opposition raised this issue at the talks, but neither the president nor the parliament have power to reverse the ban imposed by Supreme Court in the spring of 1990.

Ubaydullayev said official Dushanbe hoped that the fifth round of the talks would be held before the autumn of this year.

'No Progress' After Latest Talks

LD0306111095 (Clandestine) Voice of Free Tajikistan in Tajik 0300 GMT 3 Jun 95

[FBIS Translated Text] [Voice of Free Tajikistan correspondent] Fariddun Musalli has reported from Almaty that the fourth round of talks in Almaty ended with no progress.

The final document, in the form of a joint statement, was signed on 2 June at 0100 local time.

The extension of the cease-fire for a further three months, which the government side wanted unconditionally accepted, was rejected by the opposition. In exchange for the cease-fire extension the opposition wanted the government to withdraw its forces which were dispatched to Badakhshan in violation of the Tehran cease-fire agreement, or at least for them to be kept on the border and removed from population centers. However, the government rejected this. The government delegation also rejected a proposal made by President Nazarbayev of the Republic of Kazakhstan.

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Finally, Professor Haji Akbar Turajonzoda, chairman of the opposition delegation, made a statement. In the statement he spoke in detail about the opposition proposals in the fourth round and pointed out that they were rejected by the government side.

He also said in his statement that in the final hours of the talks the government side refused to sign even Nazarbayev's proposal, which it had accepted on the first day and promised to sign. At the end of the statement Prof Turajonzoda said that the government delegation had accepted all the points of the joint statement worked out as a result of the Almaty meeting. However, as soon as Russian Deputy Foreign Minister Albert Chernyshev arrived in Almaty the government delegation changed course and refused to sign many points of this (?political) document.

At the same time, Mahmadsaid Ubaydulloyev, leader of the government delegation, said his government was ready to allow the activity of all political parties apart from the Islamic Movement of Tajikistan. Ubaydulloyev, in conversation with journalists, repeatedly stressed these words. The chairman of the government delegation called the Islamic Movement of Tajikistan a military force [words indistinct]. This movement wants to create an Islamic society in Tajikistan. We are against this. We are striving to create a secular society, said Mahmadsaid Ubaydulloyev, the chairman of the government delegation at the Almaty talks.

Six Armed Gangsters Killed in Clash With Militia

LD0506102695 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 5 Jun 95

[FBIS Translated Text] An armed group led by Fathullo Isoyev, a resident of Bokhtar district, launched an armed attack 3 June against militia personnel carrying out Operation Kuknor-95 near Sipalang, Garm region. As a result, six members of this group led by Fathullo Isoyev were killed and nine were captured. A large amount of arms and ammunition, much military equipment, money, Afghan-made clothes, and documents were found on the group.

Minojiddin Sirojov and Militia Sergeant Turdiboy Erkayev were shot dead and two militiamen were injured.

Turkmenistan

Turkmenbashy Receives IMF Delegation

LD0306084295 Ashgabat Radio Ashgabat Network in Turkmen 1500 GMT 2 Jun 95

[FBIS Translated Text] President Saparmyrat Turkmenbashy of Turkmenistan today received a delegation from the International Monetary Fund. According to delegation head John Goldwyn, director of the IMF's [word indistinct] department, he and his colleagues intend to take a close look at Turkmenistan's socioeconomic development, including the acceleration of reforms, the freeing of prices and the conduct of reforms of credit, currency and tax policy.

The Turkmen leader noted at the meeting that the most important task now is to create an independent economy for the country.

The prospects for future cooperation between Turkmenistan and the IMF were discussed during the meeting. In particular, the role and potential of the IMF to speed the payment of numerous countries' debts to Turkmenistan were looked at.

Restrictions Imposed on Foreign Currency Exchange

LD0206174395 Moscow INTERFAX in English 1426 GMT 2 Jun 95

[FBIS Transcribed Text] ASHGABAT, June 2 (INTERFAX) — The Central Bank of Turkmenistan imposed restrictions on the exchange of foreign currency for the Turkmen population today.

Only those Turkmen citizens leaving for abroad for medical treatment and having the relevant documents from the Turkmen Health Ministry and those travelling abroad within a tourist group will have the right to exchange currency (respectively $200 and $200 only once a year).

Foreign citizens with the status of non-residents can exchange currency within the limit of the sum which they earlier sold to the Central Bank of Turkmenistan.

Earlier, Turkmen residents had the right to exchange up to $500 a month.

The Central Bank said the new procedure for currency exchange would be temporary and would be valid until a mechanism for converting currency through the Inter-Bank Currency Exchange was introduced.

Local economists said the Central Bank's decision might provoke a serious rise of the dollar on the "black market." The dollar's official exchange rate is now 195 manats per dollar. On the "black market" $1 costs 225-250 manats.

Interest in Gas Pipeline Passing Through Iran

LD0106145595 Tehran IRNA in English 1446 GMT 1 Jun 95

[FBIS Transcribed Text] Moscow, June 1, IRNA — Turkmen vice president for energy and industry, Ishanov

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in a meeting Thursday [1 June] with Iranian ambassador to Ashkabad Baqeri underlined his country's interest in laying a gas pipeline to Europe via Iran.

In the meeting, the way of exporting Turkmenistan's electricity via Iran and setting up of power lines for its transmission to third countries were discussed.

Underling Turkmenistan's insistence on routing of its gas pipeline through Iran as being the most economical option, he said a number of European governments and companies are interested in participating in the project.

Ishanov is due to visit Iran in near future for final talks on the issue and signing of relevant documents.

Uzbekistan

Karimov, Local World Bank Head Hold Talks

LD0206183695 Tashkent Uzbekistan Television in Russian 1430 GMT 2 Jun 95

[FBIS Translated Text] President Islam Karimov of the Republic of Uzbekistan today received Mr. Parvez Hassan, the head of the World Bank in our country.

[Begin unidentified correspondent recording] Our republic has been successfully cooperating with this authoritative bank in the international community for a number of years. In April this current year the World Bank allocated Uzbekistan $160 million in credit.

President Islam Karimov of Uzbekistan stressed that successful implementation of phased reforms in all spheres of life is closely bound up with cooperation with a number of international financial institutions, including the World Bank.

As a special issue of the U.S. bulletin WORLD BANK NEWS reported, the processes of economic, social, and political reform in our country were highly praised at a meeting of representatives of donor countries that took place in March this year in Paris. The major world financiers expressed satisfaction with the measures that are being conducted in Uzbekistan to reduce inflation, liberalize prices, and pursue privatization processes. Representatives of world banks spoke in favor of allocating credit of $900 million to the Republic of Uzbekistan.

During the conversation Mr. Parvez Hassan spoke about the activity of the World Bank mission in Uzbekistan. In addition, the results of joint cooperation and projects for further mutually advantageous contacts were discussed. Faizullo Mulladzhonov, the chairman of the Central Bank of Uzbekistan, took part in the meeting.

Government Resolution To Improve Reforms

LD0506085595 Tashkent NARODNOYE SLOVO in Russian 3 May 95 p 1

[Unattributed report: "Resolution by the Cabinet of Ministers on implementation of the first-quarter program and the expected results of economic reforms in the first half of 1995"]

[FBIS Translated Text] The Cabinet of Ministers notes that in the first quarter of this year measures to deepen economic reforms and to insure macroeconomic stabilization were carried out in a consistent way.

As a result of this the inflation rate has slowed. Money emission dropped by 27 points. The state budget deficit was kept within the set limits. There were positive structural shifts, and the proportion which the nonstate sector contributed to gross domestic product increased. The consumer market and the public water and gas supply were developed. Average wages, pensions, student grants, and benefits were increased and the system of targeted social security for the population strengthened.

However, there were serious shortcomings and omissions in the economic reforms in particular areas, especially in the area of establishing an effective nonstate economic sector. Enterprises are slow in adapting to market conditions. Their financial position is being aggravated by mutual nonpayments. Many enterprise managers fail to fully grasp the profound processes which are taking place in the republic's economy.

The principal reasons for this are as follows:

— the dependancy mentality engendered by the command-administrative system of management, a mentality which persists at director and administrative managerial level in enterprises and organizations;
— the deep-seated bureaucratic approach to work in a number of state institutions which are supposed to be encouraging denationalization and privatization in every way and doing the necessary explanatory and operational work to intensify these processes;
— the insufficiently developed organizational mechanisms for turning state-owned enterprises into joint-stock companies, which sometimes gives rise to abuses in the implementation of this most important work. The securities market is poorly developed and the secondary securities market has de facto not been set up.

As a result, the process of transforming state enterprises into joint-stock companies and developing the securities market is being carried out in an unsatisfactory manner.

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With the aim of insuring that the program of economic reforms for the first half of the year is fulfilled, the Cabinet of Ministers resolves:

1. Structures which operate under the Cabinet of Ministers, corporations, concerns, associations, and amalgamations have two months in which to draft programs for 1996-97 to adapt enterprises and organizations to market conditions through modernization, technological refits, reorientation of production, and product updates in light of marketing developments and the expansion of sales markets.

2. The State Committee for Privatization and Enterprise Support [Goskomimushchestvo], (Chairman Viktor Chzhen) in conjunction with the Ministry of Finance, the Ministry of Justice,and the other ministries concerned, have three days in which to prepare and submit drafts of a presidential decree and a Cabinet of Ministers resolution on measures to speed up the process of turning state property over to joint-stock ownership and improving the securities market.

3. The Central Bank (Chairman Mullajonov) and the Ministry of Finance (Guskova) have one week to prepare and submit to the Cabinet of Ministers a draft resolution on the use of bills of exchange in the economy of the Republic of Uzbekistan.

4. The Ministry of Finance of the Republic of Uzbekistan, in conjunction with commercial banks and the republic's economic bodies:

— are to conduct a systematic analysis of the position regarding debts owed by and to enterprises and organizations, and take measures to reduce and liquidate them bearing in mind the optimum ways of repaying mutual debts in sectors and enterprises. The appropriate economic sanctions are to applied against the heads of enterprises which are in debt.
— are to pay for construction and assembly work carried out in 1994 by 10 June 1995, out of budgetary appropriations.

5. The republic's commercial banks are recommended to do the following:

— stop giving extensions for the repayment of existing overdue mutual debts between enterprises from 5 June 1995, and, in conjunction with the Supreme Economic Court and the State Committee for Privatization and Enterprise support, take measures against them envisioned by the law of the Republic of Uzbekistan on bankruptcy if they continue to be financially insolvent after six months;
— stop financing construction projects which do not have complete sources of funding; insure effective monitoring of the targeted and efficient use of funds which are allocated as finance and credit according to the construction sites and projects listed in the state register. Disbursement of funds is to take place only if construction projects have the design and estimate documentation included on the list, and if they are being built in line with the standards set for the duration of construction work. A list of construction projects which have been started without sources of finance have been identified is to be passed to the State Committee for Privation and Enterprise Support of the Republic of Uzbekistan with a view to selling them at auction.

6. The State Taxation Committee (Gataulin) is to insure that taxes and obligatory payments to the budget are fulfilled to a high standard and in full. Swift measures as provided for by the legislation of the Republic of Uzbekistan are to be taken against legal and natural persons who conceal their incomes.

7. The State Committee for Forecasting and Statistics (Golyshev) is:

— in conjunction with the Ministry of Finance, the State Taxation Committee, and the Central Bank, to produce within one month a mechanism for conducting quarterly analyses of macroeconomic indicators and scenario-based forecasts of the most important economic parameters;
— in conjunction with the Uzoptbirzhatorg association (Sharonov) to conduct a monthly analysis of the progress made in fulfilling intergovernment trade and economic agreements and to take timely measures to insure that they are implemented.

8. In line with Cabinet of Ministers resolutions no. 354 of 11 July 1994 and No. 54 of 14 February 1995, the Council of Ministers of the Republic of Karakalpakistan, the administrations of regions and Tashkent city, and the heads of republican economic organizations have one month in which to take practical measures designed to insure further privatization of state property, taking into account post-privatization support for enterprises, to expand the securities and property markets, to sell plots of land for individual ownership, and to attract citizens' private funds.

9. The State Committee for Privatization and Enterprise Support of the Republic of Uzbekistan (Ghofurov), in conjunction with ministries and departments, has two weeks in which to submit proposals to the Cabinet of Ministers on lifting the restrictions on the denationalization of enterprises which were imposed by Resolution no. 613-XII of the Supreme Council of the Republic of Uzbekistan of 2 July 1992.

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10. The Central Bank (Mullajonov) is recommended to pay the dividends from shares in joint-stock companies in cash to enterprises and organizations.

11. The Ministry of Foreign Economic Relations, in conjunction with the State Committee for Forecasting and Statistics and the Uzeltekhprom association, has two weeks in which to adopt a decision on changing the list of goods falling within the framework of centralized exports, and on granting enterprises, associations and concerns the right to change this list within the limits of the established costs of centralized exports.

12. The Uzbeklegprom state association (Ismailov) and the Mahalliy Sanoat state corporation (Kazakkhanov) have one month in which to analyze the reasons why finished products remain in enterprises' warehouses and to insure that they are sold so that the amount of unsold products is brought down to the regulation norm by 1 July this year; they are also to increase the answerability of responsible officials who allow products to be made which are not in demand among buyers.

13. The Pishcheprom association (Qosimkhojayev) is:

— based on performance in the first half of this year, to eliminate the lag in production of consumer goods, especially soft drinks, with a view to maintaining an uninterrupted supply of these to the population of Tashkent city and other cities and towns in the republic over the summer;
— to activate the work of the Pishchepromsyrye firm and other enterprises in providing independent supplies of raw materials and additional materials.

14. The Uzbeksavdo state association (Fayziyev) is to take additional measures to increase the total credit reserve for trading enterprises to 500 million soms by 1 July 1995, and is to settle accounts with supply enterprises within two weeks.

15. The Uzbeksavdo and Uzbytsoyuz state associations, in conjunction with the Council of Ministers of the Republic of Karakalpakistan and the administrations of the regions and Tashkent city, have until 1 July 1995 to allow trade establishments which wish to manage their own economic affairs independently to detach themselves from joint-stock companies.

16. Supervision over the implementation of this resolution is to rest with the deputy prime ministers of the Republic of Uzbekistan.

[Signed] Islam Karimov, chairman of the Cabinet of Ministers, Tashkent, 2 June 1995.

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Armenia

FRY Foreign Minister Visits; Comments on Bosnia

LD0406174195 Moscow ITAR-TASS World Service in Russian 1601 GMT 4 Jun 95

[By ITAR-TASS correspondent Tigran Liloyan]

[FBIS Translated Text] Yerevan, 4 Jun — Yugoslav Foreign Minister Vladislav Jovanovic has welcomed the position adopted by Russia that opposes the use of force against Bosnian Serbs. "I can only welcome this decision by Moscow," he said here today at a news conference following talks with the Armenian Foreign Ministry. The minister voiced the hope that other countries would take such a constructive position.

Vladislav Jovanovich, who is in Armenia on an official visit, recalled that Yugoslavia is against the use of force in any form as a method of solving the conflict. Touching upon the decision of the Paris meeting of defense ministers from NATO and European Union countries on establishing multinational rapid reaction forces in the former Yugoslavia, the minister said that "this is more a political measure than a a military one." According to him, the use of force cannot promote the peace process but only aggravates the already tense situation. In this connection he said that the Union Republic of Yugoslavia [as received] condemns the bombing of Bosnian Serbs positions by NATO forces and other actions as well.

President, Iran's Va'ezi Discusses Karabakh Crisis

LD0206170195 Tehran IRNA in English 1614 GMT 2 Jun 95

[FBIS Transcribed Text] Moscow, June 2, IRNA — Armenian President Levon Ter-Petrosyan during his meeting in Yerevan on Friday [2 June] with Iranian Deputy Foreign Minister for Euro-American Affairs Mahmud Va'ezi, expressed his satisfaction over the year-old cease-fire in Karabakh.

He also underlined that his country was against the resumption of the war with the Republic of Azerbaijan.

At present Armenia has no intention for resuming the Karabakh war, said Ter-Petrosyan adding that his country will take part in all negotiations with a good intention in order to solve the crisis.

He also added that Armenia will spare no efforts to preserve the peace and stability in the region.

In the meeting, Va'ezi expressed his satisfaction over the holding out of the cease-fire expressed hope that through the good intentions of the two warring sides, durable peace, stability and security will return to the region.

Vice President Receives Turkmenistan Delegation

NC0206211395 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 2 Jun 95

[FBIS Translated Text] Vice President Gagik Harutyunyan today received Penaguly Rakhmanov, transportation minister of Turkmenistan, and (?Berjmurad Rechepov), first deputy minister of trade and resources, who are in Yerevan taking part in the tripartite talks between Armenia, Iran, and Turkmenistan.

Satisfaction was expressed at the meeting on the dynamic development of ties between the two countries.

Stressing the importance of the tripartite cooperation between Armenia, Iran, and Turkmenistan, the Republic's vice president noted that this is not only economically but politically significant and could become an important factor in the consolidation of the stability in the region. He also stressed that the mechanisms of cooperation should be clarified and future programs should be formulated by effectively using the potential of the two countries.

Views were also exchanged during the meeting on trade and economic cooperation, the possibility of transporting freight to Armenia via Iran, and the establishment of the joint tripartite transportation enterprise.

Penaguly Rakhmanov stressed the importance of the agreements to be signed and noted that they will help strengthen and consolidate the ties existing between the countries.

Armenian Transportation Minister Henrik Kochinyan and Armenian Charge d'Affaires in Turkmenistan Aram Grigoryan were present at the meeting.

Tripartite Negotiations Continue in Yerevan

Talks Seen Eroding Embargo

NC0206202095 Yerevan Armenia's Radio First Program Network in Armenian 1900 GMT 2 Jun 95

[FBIS Translated Text] The meeting of the official delegations of Armenia, Iran, and Turkmenistan continued today in Yerevan. It is discussing concrete steps in the sphere of economic cooperation, in particular in transportation, energy, and trade fields. The documents are being improved for eventual signing.

Vahan Melkonyan, Material Resources minister and head of the Armenian delegation at the talks, told ARMENPRES correspondent [words indistinct]. According to Melkonyan, it has been agreed in principle to form a joint transportation company headquartered in Ashgabat. It will be run by three directors with equal jurisdictions.

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Armenian Charge d'Affaires to Turkmenistan Aram Grigoryan said: Turkmenistan is very interested in developing such a transportation route with Armenia. This will certainly solve many difficult problems related with the [Turkmen] gas. I do not want to touch on the political aspect of this issue. But, it is obvious that the rapprochement between the three countries strengthens their position in the region and this already is forcing Turkey and Azerbaijan to come to terms with this reality. It is clear that the transportation route from Ashgabat to Yerevan and from Yerevan to Ashgabat via Tehran will in the final analysis bring about the failure of the blockade imposed on our country by Ankara and Baku.

Protocol Signed; 'Agreement on All Points'

NC0306170795 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0842 GMT 3 Jun 95

[FBIS Transcribed Text] Yerevan ("Azg" daily), 06/03/95 — Armenia-Iran-Turkmenistan tri-lateral negotiations finished in Yerevan. A protocol about the agreements, to be signed in Ashgabad on June 24, was signed.

"There are no problems which have not been resolved, the sides came to an agreement in all points", said RA [Republic of Armenia] Minister of Material Resources Vahram Melkonyan. He added that serious changes will be made to the trade-economic agreement to be signed in Ashgabad, as Iranian and Turkmenian sides made serious proposals. Armenian-Turkmenian transportation agreement will be accepted without changes, whereas the text of energy agreement is not yet ready.

According to minister, this last agreement will resolve the problem of energy supply. "The volumes are not clear yet, they will be defined in a preliminary meeting, just before the conference on June 24", he said.

Head of the Turkmenian delegation Senakuli Rahmanov said in turn, that corresponding commissions discussed the problem of creating a joint transportation union, and its charter. He added that all three sides will equally participate in it. It will be used for establishing road communications between Armenia-Iran-Turkmenistan, and for transit to third countries. "This will facilitate free exchange of goods and the development of trade-economic collaboration", said Mr. Rahmanov. Turkmenistan may take cargoes from Armenia in trucks, in exchange for 2.2bln.cu.m of natural gas being supplied to this country. Half of this gas should be paid in cash, the rest — based on a clearing system.

Concerning the problem of energy collaboration he said that corresponding bilateral agreement with Iran will be extended, and a tri-lateral agreement will be signed.

Armenia To Re-enter Karabakh Peace Talks

LD0206215195 Moscow ITAR-TASS World Service in Russian 2104 GMT 2 Jun 95

[By ITAR-TASS correspondent Tigran Liloyan]

[FBIS Translated Text] Yerevan, 3 Jun [date as received] — Armenia announced that it is re-entering the talks on a peaceful settlement in Nagorno-Karabakh under the auspices of OSCE, says a statement of the Armenian Foreign Ministry published on 2 June. Armenia refused to participate in the talks on 25 May after an explosion at the Georgian section of the pipeline that supplies gas to the republic.

The Foreign Ministry statement says that Armenia reserves the right to take all necessary measures to ensure its national security. At the same time, it confirms that Yerevan will abide by its promises to observe the cease-fire in the conflict area. The Armenian Foreign Ministry says it is pleased that authorities in Azerbaijan have condemned the terrorist acts that hit the pipeline. Armenia has called on Azerbaijan to jointly help the Georgian authorities put an end to the explosions and achieve a peaceful settlement of the Karabakh conflict through talks.

Parliamentarian Comments on 'WASHINGTON POST' Article

NC0306093695 Yerevan NOYAN TAPAN in English 1739 GMT 2 Jun 95

[FBIS Transcribed Text] 02/06/95 NOYAN TAPAN— On May 29 "Washington Post" published a detailed article dealing with the problems of production of energy in Armenia and reactivation of the Nuclear Power Plant in Medzamor [as received]. The newspaper refers to the assessment provided by the Assistant to the Director of IAEA (International Atomic Energy Agency), who considers that the Armenian Nuclear Power Plant is imperfect and the reactivation of the Plant is premature.

The Chairman of the parliamentary Commission on Environment Samvel Shahinyan said in an interview to Associated Press that reactivation of the Nuclear Power Plant was not only Armenia's concern. If a break-down occurs at the Nuclear Power Plant, Turkey, Iran and Azerbaijan will also suffer from this. He added that the Nuclear Power Plant was to be reactivated by Russia, not by Armenia.

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IAEA Inspects, Calls Seismic Security 'Satisfactory'

NC0306171995 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0842 GMT 3 Jun 95

[FBIS Transcribed Text] Yerevan ("Respublica Armenia", "Hayastani Hanrapetutyun" dailies), 06/03/95 — A group of IAEA [International Atomic Energy Agency] experts has recently visited Armenia, to inspect operations on provision of seismic security in the Armenian Nuclear Power Plant.

A final meeting with RA [Republic of Armenia] State Minister Vigen Chitechyan was held yesterday, where the experts presented the results of their investigations concerning the state of seismic security of the plant. Head of the mission Antonio Godoy believes that security measures are satisfactory.

"We discussed the work of Armenian experts and concluded that cracks on the territory of the plant are highly improbable, and additional investigations they recommended will only extend the present data, but won't change the conclusion", he declared. "Armenia should already start the second stage, and our evaluations confirm this", he added.

"Work of Armenian specialists was highly valued by foreign experts. Resulting figures of seismic protection correspond to calculations. Two-three weeks will be spent for additional verification of data with the use of contemporary methods, and the we will say OK to start operation of the atomic station", said director of the "Armatomseismoproject" institute Fridrich Arakelyan. "The last checks of the reactor and other important equipment have also resulted in satisfactory conclusions."

The next visit of IAEA will be made in October, to finally approve operation of ANPP [expansion unknown].

Azerbaijan

Aliyev Receives Russian Security Chief, Comments

NC0206191595 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 2 Jun 95

[FBIS Translated Text] Azerbaijani President Geydar Aliyev received Sergey Stepashin, the director the Russian Federal Security Service. Here is a report by Menzere Sadikova:

[Begin recording] [Sadikova] Noting the urgency for cooperation between the special services of the two countries for the benefit of the national and state interests of Azerbaijan and Russia and the need for a broad exchange of views, President Heydar Aliyev stated that those trying to obstruct this course could only delay the process and no one could prevent the ties of cooperation.

Sergey Stepashin, the director of the Russian Federal Security Service, said that he was highly pleased by the meeting with the Azerbaijani president and conveyed greetings from Russian President Boris Yeltsin. He pointed out that the Russian state and government leaders give enormous importance to cooperation with Azerbaijan in the sphere of special service. In their opinion, our countries' common interests in this field abound. There is enormous need for cooperation between the Russian and Azerbaijani special services at present, and the urgency for such ties will even further increase in the future. It is obvious that following the dissolution of the USSR, the security service organs became the target of serious concern. However, at present, the need to have security service organs in Russia is acknowledged by the president, parliament, and society. In noting this in particular, Sergey Stepashin mentioned two important events that took place this week. He said that the documents signed in Tibilis a day before and in Baku last night create a good foundation for the Russian Federal Security Service to forge ties of cooperation. Thus, in accordance with the agreement signed with the Azerbaijani National Security Ministry, a joint struggle will henceforth be waged against organized crime, narcotics business, economic intelligence, and political extremism, and there will be methodical work to train relevant cadres.

In pointing out that many departments within the Russian Federal Security Service, in particular the analytical-information department, are very proficient, Sergey Stepashin repeatedly noted the urgency of cooperation between Azerbaijan and Russia.

In assessing the CIS as a unique alliance among the unions in the world, Azerbaijani President Geydar Aliyev said that the multilateral cooperation between the CIS countries is only natural and necessary. In casting a brief glance on the historic development of the former allies during the transition period, he indicated that there is great need for these states to restore and develop, under conditions of independence, the ties between them for scores of years and that now the work of the security organs is needed more than ever.

Azerbaijani National Security Minister Namik Abbasov and other officials participated in the meeting. [end recording]

President Aliyev: 'No Alternative' to CIS

LD0206183495 Moscow ITAR-TASS in English 1722 GMT 2 Jun 95

[By Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Transcribed Text] BAKU, June 2 (Itar-Tass) — There is no alternative to the Commonwealth of

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Independent States, said President Geydar Aliyev of Azerbaijan at today's meeting with Sergey Stepashin, director of the Federal security service of Russia. The head of the Azeri state is convinced that the Commonwealth must develop and be strengthened.

Those who believe that the Commonwealth has no prospects or, on the contrary, will develop into a single state similar to the former Soviet Union, are mistaken, the Azeri President stressed.

According to him, the unique thing about the Commonwealth is that it comprises the independent countries which have common history and until quite recently existed in the single state. On the other hand, he noted, peoples living in these countries are united by economic, cultural, scientific and human ties as before. Geydar Aliyev considers that there is no other union in the world such as the Commonwealth which does not infringe upon the national interests of the member countries, noting that other existing similar alliances were formed, as a rule, on the basis of regional or other principles.

To strengthen the Commonwealth, Geydar Aliyev stressed, all its participants should establish normal relations with one another, but not of the kind which were not so long ago.

The President of Azerbaijan sees an important factor for the strengthening of statehood of the Commonwealth countries in the deepening of contacts among their security services which will allow each of them and all together to increase aid to one another.

Now, he asserts, Russia, Azerbaijan and other independent states which emerged after the collapse of the Soviet Union, are facing more complex tasks, including those in the sphere of security, than at the preceding periods of their history.

Speaking on the security bodies of Azerbaijan, Geydar Aliyev noted that after the breakdown of the USSR they experienced hard times. The last two years were particularly strenuous for them, just as for the whole republic when they prevented the threat of a civil war and two attempts of a coup d'etat.

Under such conditions, the President believes, it is important that special services of the Commonwealth countries closely cooperate, render timely aid to one another, naturally without infringing upon the national and state interests of each Commonwealth country.

In this context, Geydar Aliyev highly appraised an agreement between the security services of the two countries signed on Thursday saying that the leadership of Russia and Azerbaijan stand for the development and deepening of bilateral ties.

Russian-Azerbaijani Security Chiefs on Agreement

NC0206163495 Baku TURAN in English 1036 GMT 2 Jun 95

[FBIS Transcribed Text] Baku, June 2 (TURAN)—Last there was signing of agreement concerning cooperation between Azerbaijan's and Russia's special services in the Gulistan palace in Baku. The document was signed by Azerbaijan's Minister of National Security, Namik Abbasov, and the Director of Russian Federal Security Service, Sergey Stepashin.

During the briefing Stepashin mentioned that the signed document is a bilateral agreement, which calls for cooperation in the fields of struggle against terrorism, organized criminality and drug-business. The will be exchange of personnel and technical means within the framework of this document.

Stepashin said that "from now on the employees of the Federal Security Service central staff will be able to come to service in Baku without any obstacles".

Namik Abbasov mentioned that last October Azerbaijan's Deputy Minister of National Security, Galib Halygov, came to the Ministry from the Federal Security Service. He mentioned that there are facts when Azeris are also go to the service to the Federal Security Service of Russia.

Stepashin said that the agreement should have been signed two years ago. He said that this document is "a serious step on the way to improvement of relations between Russia and Azerbaijan".

"That time, when we suspiciously looked at each other, has passed. Russia's and Azerbaijan's historical interests are very serious. Today we are united in many respects, we could have showed our leaders that we have many common interests not only in the Caucasus", Stepashin said.

"The interests of both nations demand rapprochement and cooperation in all issues", Namik Abbasov mentioned.

Stepashin mentioned that this document cannot regulate such issues like search and extradition of the criminals. As far as extradition of separate persons is concerned, there is the treaty on legal assistance between Azerbaijan and Russia, he said. "There must be appropriate apply to Russian Prosecutor's Office and the warrant of Russia's Prosecutor's Office — then there will be no questions. We are the bodies of Executive power and

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we do not settle these issues", the head of the Deferal Security Service mentioned.

Namik Abbasov said that recently Baku has already applied to Moscow and it extradited Nusret Bugagov, the participant of the coup attempt. "The beginning is good, but we hope that it will continue", Abbasov said.

"We will hope that there will be no coups in Azerbaijan any more", Stepashin mentioned.

The Director of the Federal Security Service said that Russia several times applied to Azerbaijan on the organized criminality. He said that a short time ago there was the operative group in Baku and it settled very serious issues concerning the drug-business, the group together with Azerbaijan's Ministry of National Security has been detaining one criminal group. Namik Abbasov mentioned that the cooperation between Russia and Azerbaijan and with another CIS-member states was also de-facto. "Yesterday in Tbilisi and today in Baku we de-jure consolidated this cooperation. The cooperation never suspended", he said.

The document also calls for creation of the common data base about the criminal groups irrespective of nationality. Due to this fact, the issues concerning cooperation in search and detention of such groups and their prosecuting will be also worked out.

Regarding to the information of the Russian mass media about Azerbaijan's involvement in arms deliveries to Chechnya, Sergey Stepashin said: "I never accused Azerbaijan of arms delivery. However, the facts of arms deliveries by other countries to Chechnya through Azerbaijan in transit are observed. A month and a half ago we together with the border troops detained two trailers." He mentioned that "the transportation of arms through the Russian-Azerbaijani border is observed, however there are no fact proving Azerbaijani leadership's involvement in that". Stepashin mentioned that the transit of arms to Chechnya makes us to take the issue concerning the borders seriously. "It is easy to close the border between Russia and Azerbaijan, but we must take into account the consequences too. You are informed about the situation in Dagestan, in Derbent, we must take into account the economic, political, geopolitical and ethnical consequences", he mentioned.

Asked about circumstances of the death of the Azeri reporter, Farhad Kerimov, in Chechnya, Stepashin said that the investigation on this case is going on now.

Guliyev, Iranian Envoy Discuss Expansion of Ties

LD0506060695 Tehran IRNA in English 0356 GMT 5 Jun 95

[FBIS Transcribed Text] Baku, June 4, IRNA — Azeri Prime Minister Fuat Guliyev here today in a meeting with the official in charge of the Iranian Embassy in Baku Mohammad Taheri, called for removal of the existing obstacles in the way of expansion of relations between Iran and his country.

Counting the expanded areas of cooperation between the two countries Guliyev expressed that his country was in need of the Iranian cooperation and added that Iran should not abandon the Republic of Azerbaijan.

Saying the Azeri authorities were not guilty for rejection of the Iranian membership in the oil consortium with the western companies, he expressed that according to the agreement inked between his country and the western oil companies, accepting a new member in the oil consortium was possible only by the consent of all the parties such as the U.S. companies.

Referring to the land and sea border between the two countries, Taheri called as Iran's natural right the Iranian membership in exploitation of the Caspian Sea oil.

Taheri also expressed hope that the Republic of Azerbaijan as an independent country would fulfill its agreements with Iran.

In the meeting, the two sides also discussed scheduling Azerbaijan's debts to Iran.

Parliament Lifts State of Emergency in Baku

NC0206170195 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 2 Jun 95

["Decision" of the National Assembly of the Azerbaijani Republic issued in Baku on 2 June—read by announcer]

[FBIS Translated Text] On the basis of Article 8 of the Azerbaijani Republic Law on the State of Emergency, the National Assembly of the Azerbaijani Republic decides:

The state of emergency being enforced in accordance with the decree issued by the Azerbaijani President Geydar Aliyev on 4 October 1994 on the introduction of the state of emergency in Baku, the capital of the Azerbaijani Republic, which had been approved and its terms subsequently extended by the resolutions of the National Assembly of the Azerbaijani Republic, be hereby lifted as of 2 June 1995 in view of the expiration of its duration.

[Signed] Rasul Guliyev, chairman of the Supreme Soviet of the Azerbaijani Republic

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[Dated] Baku City, 2 June 1995

Georgia

Shevardnadze on Progress of Settling Regional Conflicts

LD0306165395 Moscow INTERFAX in English 1622 GMT 3 Jun 95

[FBIS Transcribed Text] MTSKHETA, Georgia, June 3 (Interfax) - Georgian leader Eduard Shevardnadze said on Saturday [3 June] that some progress had been made towards settling regional conflicts in the former Soviet republic.

An important role in this was played by the last summit of the Commonwealth of Independent States, held in Minsk on May 26, where all the heads of state advocated Georgia's territorial integrity, Shevardnadze told a meeting in Mtskheta during a visit he made to the historic city in connection with UNESCO's recent decision to give it the status of museum city. "The presidents expressed the desire to take an active part in settling the conflicts in our country," he said, meaning Georgia's strife with its rebel regions of Abkhazia and South Ossetia.

Georgia has always been a "model" of ethnic tolerance, Shevardnadze continued. "We must restore the territorial integrity of the country. Normal cooperation has already been restored between (South Ossetian administrative center) Tskhinvali and other regions of Georgia. A climate is being established that will undoubtedly lead to peace."

Shevardnadze Comments on Armed Formations

LD0206151395 Moscow INTERFAX in English 1301 GMT 2 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] "Despite controversial opinions in parliament about Georgia's territorial structure, we should do our business because we have got people's confidence". This statement was made by Georgian leader Eduard Shevardnadze at the conference in Tbilisi with his commissioners in the regions and the heads of the local administrations.

Shevardnadze accused the parliamentary opposition of attempting "by all means to destabilize the situation in the country and return Georgia to chaos and lawlessness, which reigned in the country a mere two years ago". IF Note: Earlier the parliamentary opposition accused Shevardnadze of "betraying the state interests", which displayed in his "unilateral decision" to create territories, uniting several districts of the republic. The oppositionists believe that this is "a step which can develop separatism". The former republic's defense minister, Deputy Jaba Ioseliani believes that the decision, which Shevardnadze took late last year and which gives "unrestricted powers" to the heads of the territorial administrations, is illegal because it was taken "by-passing parliament".

Speaking about the problems associated with the disarmament of the illegal armed formations, Shevardnadze said that competent bodies have exact information who hides illegal arms and how many. "If the formations do not surrender the arms voluntarily, a relevant law will come into effect and there will be no mercy to anyone," said Shevardnadze. IF Note: Late in May Shevardnadze issued a decree on additional measures to comply with the law on fire arms. He ordered that the Interior Ministry together with relevant departments establish strict control over the arms registration, the observance of rules for their storage and bearing. The document also contains the demands that "measures should be taken to disarm the illegal armed formations in line with the law on fire arms and that interior bodies check their relation to different political associations and interest groups". The interior minister must report to Shevardnadze before July 1 about the first results of the operation to disarm the illegal armed formations. The Georgian law-enforcement bodies are obliged "to take all measures within the legal limits towards all political and other associations, in which they will find the unregistered weapons and ammunition."

Meanwhile, heated debates on amnesty on the occasion of Georgia's independence anniversary, which will involve the disabled, teenagers, women and old people, are under way for the second day running in parliament. The debate was caused by the statement of the founder of the para-military formation "Mhedrioni", Deputy Jaba Ioseliani, who demanded that among those amnestied should also be those detained for the illegal storage of fire arms. According to Ioseliani, he means the members the Rescuers Corps, formed on the basis of Mhedrioni. Ioseliani said that they "fought for the country's territorial integrity in South Ossetia and Abkhazia, and the state itself had given them those fire arms." He threatened to parliament that if this is not done, he would declare war to everybody. "I will always find the forces and possibilities for this," he said.

Shevardnadze's supporters, who are in the majority in parliament, refused to take part in the voting on amnesty. They refer to the view by representatives of the republic's prosecutor's office and the Interior Ministry, who claim that "many of those detained for the illegal

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arms storage, are suspected to having committed heavy crimes".

Parliament deputies resumed debates on the issue on Thursday, but behind closed doors.

UN Commander Accused of Pro-Abkhaz Stance

LD0306125495 Tbilisi IBERIA in Georgian 1245 GMT 3 Jun 95

[FBIS Translated Text] Tbilisi, 3 Jun — Tamaz Nadareishvili, chairman of the Supreme Council of the Autonomous Republic of Abkhazia and Georgian deputy prime minister, has met with Jon Hvidegaard, commander of the staff of UN observers in Georgia. It was emphasized during the meeting that the present Abkhaz "authorities" are a group of criminals and separatists whose activities during as well as after the war were described as genocide in the Budapest agreement. Hence, Abkhaz separatist leader, Vladislav Ardzinba, can be considered an international criminal who is to be made answerable to Georgia and the whole of mankind. Investigations in the case against these persons have been completed and permission is needed from the United Nations to begin a trial.

It was also indicated that lack of trust in military observers could be noticed in Georgia. This can be accounted for by the interviews General Hvidegaard granted to Abkhaz separatists in which he never concealed his pro-Abkhaz stance. All this impedes the restoration of Georgia's territorial integrity and the return of refugees.

"I appeal to you as a general to general. Unless drastic measures are taken in the very near future, I will have to restore the territorial integrity of my country, just as you would were you in my position," T. Nadareishvili said.

The meeting was attended by Zurab Erkvania, chairman of the Council of Ministers of the Autonomous Republic of Abkhazia.

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Estonia

Foreign Minister Comments on NATO Talks

LD0306210195 Tallinn Estonian Television Network in Estonian 1800 GMT 2 Jun 95

[FBIS Translated Excerpt] The Baltic countries are among those 11 which are seen as potential NATO members. This is what Foreign Minister Riivo Sinijarv stated today, on his return from a visit to the Netherlands and Germany. Central and East European foreign ministers also had talks with U.S. Secretary of State Warren Christopher, within the framework of the North Atlantic Cooperation Council sitting in Amsterdam. According to Sinijarv, this meeting alone is indicative of the direction of relations with NATO.

The foreign minister stated that the attitude of NATO member countries to the group's further expansion is not affected by the statement of Russian Deputy Foreign Minister Sergey Krylov, who said the Baltic countries should not be welcomed into NATO.

[Begin Sinijarv recording] NATO policy, however, is conducted by NATO member countries, full members, that is. Joining any organizations — security organizations first and foremost — is up to any sovereign state itself to decide. [end recording] [passage omitted]

Canadian Official Supports Estonia in NATO

LD0206181695 Tallinn Radio Tallinn Network in Estonian 1600 GMT 2 Jun 95

[FBIS Translated Excerpt] (Michael Mace), director general of the Central and Eastern European Bureau at the Canadian Ministry of Foreign Affairs, said at his meeting with Foreign Minister Riivo Sinijarv that Canada supports Estonia in joining NATO. (Mace) was in Tallinn today for a one-day visit. The meeting between (Michael Mace) and Riivo Sinijarv discussed the possibility of introduding a visa-free arrangement between the two countries. Mace voiced the Canadian Government's agreement in principle that for Estonian citizens the visa regime should soon be simplified considerably. [passage omitted]

Prime Minister on Problems of Russian Citizens

LD0206182195 Tallinn Estonian Television Network in Russian 1545 GMT 2 Jun 95

[FBIS Translated Text] What has recently been discussed at various levels is the issue of danger to Estonian statehood constituted by the large number of another country's citizens in the Republic of Estonia, and to be more precise, Russian citizens. Today we bring to your attention the Estonian government head [Prime Minister] Tiit Vahi's viewpoint.

[Begin recording] [Vahi] We have said that our plans were to limit. [sentence as heard] We also said that if a very large part of a country is made up of citizens of another country, this is, naturally, not a positive phenomenon. This would be the pragmatic conclusion, without concluding whether we will prevent this or make concessions.

[Unidentified correspondent] Recently a problem arose with Russian citizens — that they were unable to leave Estonia for vacations [in Russia] because they were taken off the train at the border [in Narva]. They could not use their internal USSR passports. As far as it is known, Viktor Hansen [not further identified] said necessary documents have been handed to the government so as to get this issue regulated. Is there a solution on this issue or is it purely an initiative by the border guard department?

[Vahi] Well, you mention the selfsame possible regulation or reason. The issue here is not of loyalty, it is pragmatical. People would like to live normally, some kind of documents are necessary, which means that the issue is about nothing else but documents. So, we have to solve the issue of documents — which document is to be used, and that forms the subject of discussion. [end recording]

Expelled Activist Returns for Court Session

WS0506093095 Tallinn BNS in English 1636 GMT 3 Jun 95

[FBIS Transcribed Text] Tallinn, June 03, BNS — Although the visa of the Russian ultranationalist Pyotr Rozhok who was expelled from Estonia in March expired Friday midnight, he was still in Tallinn Saturday morning with no intention to leave.

"I act as I consider right," Rozhok told BNS. "The great Russia is behind me."

Rozhok arrived Friday in Tallinn for a court session that was to consider his suit contesting the legality of his expulsion. As the session was postponed, he asked that his visa be extended for seven to 10 days to study the documents of the case. Estonian authorities turned his application down.

Citizenship and Migration Department Deputy Director Ene Rebane told BNS the former representative in Estonia of Vladimir Zhirinovskiy's ultranationalist Liberal Democratic Party was granted a visa to attend the court session and since the session did not take place there were no grounds to extend it.

Rozhok told BNS Saturday he intended to stay in Tallinn. "My home is here and I'm registered as a

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permanent resident of Tallinn," he said. "I only want to go over the case files and I'll let the court know when I'm ready."

The Russian ultranationalist was expelled from Estonia March 24 on the grounds of what the authorities termed his "subversive activity directed against Estonia's constitutional order and territorial integrity."

Latvia

Foreign Minister Cited on NATO Expansion

LD0206152595 Riga Radio Riga Network in Latvian 1300 GMT 2 Jun 95

[FBIS Translated Excerpt] Latvian Foreign Minister Valdis Birkavs returned yesterday from the Netherlands, where there was a scheduled meeting of foreign ministers of the North Atlantic Cooperation Council. During the meeting Russia signed the NATO Partnership for Peace program. Commenting on a possible change in the situation for Latvia and NATO with Russia's accession to the NATO program, Foreign Minister Valdis Birkavs said this in an interview with Latvian Radio correspondent Raimonds Ceruzis:

[Begin recording] [Birkavs] It is a significant step. That is how it is also seen by most of the delegations in the North Atlantic Cooperation Council. [passage omitted]

[Ceruzis] How would you comment on the recent statement by Russian Deputy Foreign Minister Sergey Krylov that if the Baltic countries (?achieve) NATO [membership], then Russia (?would have to reconsider whether to reduce its troop strength) in the Kaliningrad region?

[Birkavs] Russia's position on the issue of NATO's expansion has become stronger and more definite and more negative. Therefore, there is no doubt that the NATO expansion issue, as far as the Baltic countries are concerned — and that is the most mistaken issue — will be used to acquire some additional sphere of influence, to expand into new (?outposts) in the world. And therefore we can be sure that this is not the last announcement putting the Baltic countries' chances of joining NATO into the worst position. [end recording]

IMF Lends Support to Banks' 'Crisis of Confidence'

LD0206175895 Riga Radio Riga Network in Latvian 1500 GMT 2 Jun 95

[FBIS Translated Text] The IMF mission has supported the undertaking by the Cabinet of Ministers to guarantee the deposits of investors in the Baltija Bank, fund representatives announced today during consultations with the Latvian Government about the current situation in the Latvian banking system. Leader of the mission Emmanuel Vandermentruge described the situation in the banking system as a crisis of confidence. Thus it is the government's task to thoroughly analyze the state of the commercial banks and where necessary undertake their restructuring. The experts concluded that what is necessary under the circumstances is closer cooperation between the government and the Bank of Latvia. The mission expressed support for the bank's monetary policy, which aims at preservation of the stability of the lats. The IMF experts also noted that the nonfulfillment of the revenue part of the state budget is mainly due to the poor working of the State Revenue Service, not to a crisis, as the economic situation in Latvia is one of growth.

Lithuania

Nuclear Information Agreement Signed With Poland

LD0206155095 Vilnius Radio Vilnius Network in Lithuanian 1300 GMT 2 Jun 95

[FBIS Translated Text] A bilateral government agreement on the exchange of information about the situation at nuclear power installations and cooperation in the sphere of nuclear power engineering was signed today in Warsaw by Saulius Kutas, secretary of the Lithuanian ministry of power engineering, and Jerzy Niewodniczanski, chairman of the state atomic agency, ELTA reported.

According to Mr. Kutas, it took almost two years to prepare the agreement which will now revive the cooperation in the sphere of nuclear power engineering and will assist in the campaign against smuggling of nuclear material.

Russia's Decision To Join Partnership for Peace Welcomed

LD0206151595 Moscow INTERFAX in English 1301 GMT 2 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Lithuania welcomes Russia's joining the NATO Partnership for Peace program, the Lithuanian president's Advisor on Foreign Policy Justas Paleckis told INTERFAX in an interview today.

He said Lithuanian President Algirdas Brazauskas had repeatedly stated that he was in favor of Russia participating in the NATO program and in European processes as a whole "because this will contribute to strengthening stability and security in Europe."

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In regards to the statements of Russian politicians against NATO's enlargement, Paleckis said their position was "somewhat ambiguous because on the one hand Russia is ready to cooperate with NATO but on the other hand Moscow fears the alliance's enlargement."

Paleckis said that Lithuania's "strategic goal to become a NATO full-fledged member remains unchanged."

Paleckis said that reduction of the military contingent in Russia's Kaliningrad Region was necessary not only for Russia's neighbors but to also for Russia itself.

Seimas Addressed on Baltic Sea Economic Border Zones

LD0206152495 Moscow INTERFAX in English 1301 GMT 2 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The border between the Baltic Sea economic zones of Lithuania and Latvia could be established with the participation of international institutions, Adolfas Slezevicius, Lithuanian Prime Minister, said at a plenary session of the country's parliament Thursday [1 June].

He noted that Lithuania and Latvia had signed and ratified a treaty on the state border. He said that talks on the Baltic Sea economic zones border, which have been conducted for several years, have reached a deadlock. In order to clear up the situation and strive to find a solution to the problem the presidents and prime ministers of the two countries held a working meeting in Maisiagala, in the Vilnius suburbs, on May 20.

Slezevicius said that the memorandum on the establishment of economic zones border, which was signed at the meeting and stirred up a controversy in Lithuania, is only a "recommendation that will not influence the talks in any way."

He maintains that political emotions over the memorandum were whipped up by the opposition forces in order to distract public attention from upcoming important events in the foreign policy of Lithuania, including the signing of an agreement on association with the European Union, set for June 12. "The event will mark a change of the political sphere, since Lithuania, having become an associated member of the EU, will pass from the ex-Soviet into the European political sphere," said Slezevicius.

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